

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 635
94TH GENERAL ASSEMBLY

Reported from the Committee on Small Business, Insurance and Industrial Relations, April 5, 2007, with recommendation that the Senate Committee Substitute do pass.

0299S.08C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 381.003, 381.009, 381.011, 381.015, 381.018, 381.021, 381.022, 381.025, 381.028, 381.032, 381.035, 381.038, 381.041, 381.042, 381.045, 381.048, 381.051, 381.052, 381.055, 381.058, 381.061, 381.062, 381.065, 381.068, 381.072, 381.075, 381.078, 381.081, 381.085, 381.088, 381.091, 381.092, 381.095, 381.098, 381.101, 381.102, 381.105, 381.108, 381.111, 381.112, 381.115, 381.118, 381.121, 381.122, 381.125, 381.131, 381.141, 381.151, 381.161, 381.211, 381.221, 381.231, and 381.241, RSMo, and section 381.410 as enacted by conference committee substitute for senate bill no. 664, eighty-eighth general assembly, second regular session, and section 381.412 as enacted by house committee substitute for senate bill no. 148, eighty-ninth general assembly, first regular session, and sections 381.410 and 381.412 as enacted by conference committee substitute for house substitute for house committee substitute for senate committee substitute for senate bill no. 894, ninetieth general assembly, second regular session, and to enact in lieu thereof thirty new sections relating to the regulation of title insurance, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 381.003, 381.009, 381.011, 381.015, 381.018, 381.021,
2 381.022, 381.025, 381.028, 381.032, 381.035, 381.038, 381.041, 381.042, 381.045,
3 381.048, 381.051, 381.052, 381.055, 381.058, 381.061, 381.062, 381.065, 381.068,
4 381.072, 381.075, 381.078, 381.081, 381.085, 381.088, 381.091, 381.092, 381.095,
5 381.098, 381.101, 381.102, 381.105, 381.108, 381.111, 381.112, 381.115, 381.118,
6 381.121, 381.122, 381.125, 381.131, 381.141, 381.151, 381.161, 381.211, 381.221,

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

7 381.231, and 381.241, RSMo, and section 381.410 as enacted by conference
8 committee substitute for senate bill no. 664, eighty-eighth general assembly,
9 second regular session, and section 381.412 as enacted by house committee
10 substitute for senate bill no. 148, eighty-ninth general assembly, first regular
11 session, and sections 381.410 and 381.412 as enacted by conference committee
12 substitute for house substitute for house committee substitute for senate
13 committee substitute for senate bill no. 894, ninetieth general assembly, second
14 regular session, are repealed and thirty new sections enacted in lieu thereof, to
15 be known as sections 381.003, 381.015, 381.018, 381.019, 381.022, 381.023,
16 381.024, 381.025, 381.026, 381.028, 381.029, 381.038, 381.042, 381.045, 381.048,
17 381.052, 381.055, 381.058, 381.062, 381.065, 381.068, 381.072, 381.075, 381.085,
18 381.112, 381.115, 381.118, 381.122, 381.410, 381.412, to read as follows:

**381.003. 1. Sections 381.003 to 381.412 shall be known and may
2 be cited as the "Missouri Title Insurance Act".**

**3 2. Except as otherwise expressly provided in this chapter and
4 except where the context otherwise requires, all provisions of the laws
5 of this state relating to insurance and insurance companies generally
6 shall apply to title insurance, title insurers, and title agents.**

**381.015. 1. When a title insurance commitment issued by a title
2 insurer, title agency, or title agent includes an offer to issue an owner's
3 policy covering the resale of owner-occupied residential property, the
4 commitment shall incorporate the following statement in bold type:**

**5 "Please read the exceptions and the terms shown or referred to
6 herein carefully. The exceptions are meant to provide you with notice
7 of matters which are not covered under the terms of the title insurance
8 policy and should be carefully considered."**

**9 2. A title insurer, title agency, or title agent issuing a lender's
10 title insurance policy in conjunction with a mortgage loan made
11 simultaneously with the purchase of all or part of the real estate
12 securing the loan, where no owner's title insurance policy has been
13 requested, shall give written notice, on a form prescribed or approved
14 by the director, to the purchaser-mortgagor at the time the commitment
15 is prepared. The notice shall explain that a lender's title insurance
16 policy is to be issued protecting the mortgage-lender, and that the
17 policy does not provide title insurance protection to the purchaser-
18 mortgagor as the owner of the property being purchased. The notice
19 shall explain what a title policy insures against and what possible**

20 exposures exist for the purchaser-mortgagor that could be insured
21 against through the purchase of an owner's policy. The notice shall
22 also explain that the purchaser-mortgagor may obtain an owner's title
23 insurance policy protecting the property owner at a specified cost or
24 approximate cost, if the proposed coverages are or amount of insurance
25 is not then known. A copy of the notice, signed by the purchaser-
26 mortgagor, shall be retained in the relevant underwriting file at least
27 fifteen years after the effective date of the policy.

28 3. A violation of any provision under this section is a level one
29 violation under section 374.049, RSMo.

381.018. 1. The title insurer shall not allow the issuance of its
2 commitments or policies by a title agency or title agent not affiliated
3 with a title agency unless there is in force a written contract between
4 the parties which sets forth the responsibilities of each party or, where
5 both parties share responsibility for particular functions, specifies the
6 division of responsibilities.

7 2. The title insurer shall maintain an inventory of all policy
8 numbers allocated to each title agency or title agent not affiliated with
9 a title agency.

10 3. The title insurer shall have on file proof that the title agency
11 or title agent is licensed by this state.

12 4. The title insurer shall establish the underwriting guidelines
13 and, where applicable, limitations on title claims settlement authority
14 to be incorporated into contracts with its title agencies and title agents
15 not affiliated with a title agency.

16 5. If a title insurer terminates its agency with a title agency
17 licensed under this chapter, the insurer shall, within seven days of the
18 termination, notify the director of the reasons for termination,
19 including any information that is required to be reported under
20 subsection 5 of section 375.022, RSMo.

21 6. A violation of any provision under this section is a level two
22 violation under section 374.049, RSMo.

381.019. 1. A title insurer, title agency or title agent
2 participating in a settlement or closing of a residential real estate
3 transaction shall provide clear, conspicuous, and distinct disclosure of
4 premiums and charges. The director may adopt rules not in conflict
5 with provisions of the federal Real Estate Settlement Procedures Act,

6 as amended, under section 381.042 to implement disclosure of the
7 following:

- 8 (1) Premium;
- 9 (2) Abstract or title search and examination fee;
- 10 (3) Settlement or closing fees; and
- 11 (4) Any other associated charges or fees along with a concise
12 description.

13 2. A violation of any provision under this section is a level two
14 violation under section 374.049, RSMo.

381.022. 1. A title insurer, title agency, or title agent not
2 affiliated with a title agency may operate as an escrow, security,
3 settlement, or closing agent, provided that all funds deposited with the
4 title insurer, title agency, or title agent not affiliated with a title
5 agency in connection with any escrow, settlement, closing, or security
6 deposit shall be submitted for collection to or deposited in a separate
7 fiduciary trust account or accounts in a qualified depository institution
8 no later than the close of the next business day after receipt, in
9 accordance with the following requirements:

10 (1) The funds regulated under this section shall be the property
11 of the person or persons entitled to them under the provisions of the
12 escrow, settlement, security deposit, or closing agreement and shall be
13 segregated for each depository by escrow, settlement, security deposit,
14 or closing in the records of the title insurer, title agency, or title agent
15 not affiliated with a title agency, in a manner that permits the funds to
16 be identified on an individual basis and in accordance with the terms
17 of the individual instructions or agreements under which the funds
18 were accepted; and

19 (2) The funds shall be applied only in accordance with the terms
20 of the individual instructions or agreements under which the funds
21 were accepted.

22 2. It is unlawful for any person to:

23 (1) Commingle personal or any other moneys with escrow funds
24 regulated under this section;

25 (2) Use such escrow funds to pay or indemnify against debts of
26 the title insurance agent or of any other person;

27 (3) Use such escrow funds for any purpose other than to fulfill
28 the terms of the individual escrow after the necessary conditions of the

29 escrow have been met;

30 (4) Disburse any funds held in an escrow account unless the
31 disbursement is made under a written instruction or agreement
32 specifying under what conditions and to whom such funds may be
33 disbursed or under an order of a court of competent jurisdiction; or

34 (5) Disburse any funds held in a security deposit account unless
35 the disbursement is made under a written agreement specifying:

36 (a) What actions the indemnitor shall take to satisfy his or her
37 obligation under the agreement;

38 (b) The duties of the title insurer, title agency, or title agent not
39 affiliated with a title agency with respect to disposition of the funds
40 held, including a requirement to maintain evidence of the disposition
41 of the title exception before any balance may be paid over to the
42 depositing party or his or her designee; and

43 (c) Any other provisions the director may require by rule or
44 order.

45 3. Notwithstanding the provisions of subsection 2 of this section,
46 any interest received on funds deposited in connection with any
47 escrow, settlement, security deposit, or closing may be retained by the
48 title insurer, title agency, or title agent not affiliated with a title
49 agency as compensation for administration of the escrow or security
50 deposit, unless the instructions for the funds or a governing statute
51 provides otherwise.

52 4. Notwithstanding the provisions of subsection 1 of this section,
53 a title insurer, title agency, or title agent is not authorized to provide
54 such services as an escrow, security, settlement, or closing agent in a
55 residential real estate transaction unless as part of the same
56 transaction the title insurer, title agency, or title agent issues a
57 commitment, binder, or title insurance policy and closing protection
58 letters have been issued protecting the buyer's and the seller's
59 interests, or the title agency or agent has given written notice to the
60 affected person on a form approved by rule promulgated by the
61 director that the person's interest in the closing or settlement is not
62 protected by the title insurer, title agency, or title agent.

63 5. It is unlawful for any title agency or agent to engage in the
64 handling of an escrow, settlement or closing, unless the escrow
65 handling, settlement or closing is conducted or performed in

66 contemplation of and in conjunction with the issuance of a title
67 insurance policy or a closing protection letter, or prior to the receipt
68 of any funds, the title agency or agent clearly discloses to the seller,
69 buyer or lender involved in such escrow, settlement or closing, that no
70 title insurer is providing any protection for closing or settlement funds
71 received by the title agency or agent.

72 6. A violation of any provision under this section is a level three
73 violation under section 374.049, RSMo.

381.023. 1. A title insurer shall, at least annually, conduct an
2 onsite review of the underwriting, claims, and escrow practices of the
3 title agency or agent with which it has a contract. If the title agency
4 or agent does not maintain separate fiduciary trust accounts for each
5 title insurer it represents, the title insurer shall verify that the funds
6 held on its behalf are reasonably ascertainable from the books of
7 account and records of the title agency or agent.

8 2. Each title insurer authorized to do business in Missouri shall
9 adopt and utilize the following standards and procedures for the onsite
10 review of title agencies and agents. Onsite review documentation, work
11 papers, summaries, and reports shall be maintained by each title
12 insurer for a period of at least four years and shall be made available
13 to the director for examination upon request. A report shall be
14 prepared by the title insurer at the completion of the onsite review
15 setting forth the title insurer's findings. Onsite review findings shall
16 include, but not be limited to, the following:

17 (1) A review of contracts between the title insurer and the title
18 agency or agent;

19 (2) A statement of financial condition of the title agency or
20 agent, certified by the title insurance agent or designated agent of the
21 title agency under oath or by affirmation as being a true and accurate
22 representation of financial condition;

23 (3) A review of policies and practices related to conflicts of
24 interest affiliated business arrangements, and regulatory compliance;

25 (4) Reconciliation of orders with commitments, title searches,
26 title policies, and collection of premiums;

27 (5) A review of the procedures for tracking issued commitments;

28 (6) A review of the practices to cancel commitments on
29 transactions that do not close;

30 **(7) A review of the procedures for follow-up after closing to track**
31 **status of outstanding conditions required for timely issuance of**
32 **policies;**

33 **(8) A review of the procedures for voiding policies;**

34 **(9) A review of the tracking of open escrow, security, settlement**
35 **or closing files;**

36 **(10) A review of issued policy reports to the title insurer by the**
37 **title agency or agent;**

38 **(11) A review of any files awaiting policy issuance that includes**
39 **a determination of the average length of time between closing and the**
40 **issuance of the title policy; and**

41 **(12) A review of a three-way reconciliation of bank balance, book**
42 **balance and escrow trial balance for each individual escrow bank**
43 **account.**

44 **3. If the title agency or agent is an agency or agent for two or**
45 **more title insurers, the title insurers may cooperate in complying with**
46 **the requirements of this section.**

47 **4. The title insurer shall provide a copy of the report of each**
48 **such review it performs to the director. The director may promulgate**
49 **rules setting forth the minimum threshold level at which a review**
50 **would be required, the standards thereof and the form of report**
51 **required.**

52 **5. A violation of any provision under this section is a level two**
53 **violation under section 374.049, RSMo.**

381.024. 1. It is unlawful for any title agency or title agent not
2 **affiliated with an agency to deny reasonable access or in any manner**
3 **fail to cooperate with its underwriters in the title insurers' reviews of**
4 **the agency's or agent's escrow, settlement, closing and security deposit**
5 **accounts.**

6 **2. It is unlawful for any title agency or title agent not affiliated**
7 **with an agency, appointed by two or more title insurers, to deny any of**
8 **the title insurers reasonable access to the fiduciary trust accounts in**
9 **connection with providing escrow or closing settlement services, and**
10 **any or all of the supporting account information in order to ascertain**
11 **the safety and security of the funds held by the title agency or title**
12 **agent.**

13 **3. A violation of any provision under this section is a level two**

14 violation under section 374.049, RSMo.

381.025. 1. A title insurer, title agency, title agent, or other
2 person shall not give or receive, directly or indirectly, any
3 consideration for the referral of title insurance business, escrow,
4 closing, or other service provided by a title insurer, title agency, or
5 title agent.

6 2. A violation of any provision under this section is a level three
7 violation under section 374.049, RSMo.

8 3. If the director fails to initiate a proceeding to enforce this
9 section within forty-five days following receipt of written notice of such
10 violation, any title insurer, title agency, or title agent doing business
11 in the same county may maintain an action for injunctive relief against
12 a title insurer, title agency, or title agent violating any provision of this
13 section. In any action under this subsection, the court may award to
14 the successful party the court costs of the action together with
15 reasonable attorney fees.

381.026. 1. The settlement agent shall record all deeds and
2 security instruments for real estate closings handled by it within five
3 business days after completion of all conditions precedent thereto.

4 2. Nothing in this chapter shall be deemed to prohibit the
5 recording of documents prior to the time funds are available for
6 disbursement with respect to a transaction in which a title insurer,
7 title agency, or title agent not affiliated with a title agency is the
8 settlement agent, provided all parties to whom payment will become
9 due upon such recording consent thereto in writing.

381.028. 1. No title insurer, title agency, or title agent shall
2 participate in any transaction in which it knows that an agent or other
3 person requires, directly or indirectly, or through any trustee, director,
4 officer, agent, employee, or affiliate, as a condition, agreement, or
5 understanding to selling or furnishing any other person a loan, or loan
6 extension, credit, sale, property, contract, lease, or service, that the
7 other person shall place a title insurance policy of any kind with the
8 title insurer or through a particular title agency or agent.

9 2. It is unlawful for any title insurer, title agency, title agent, or
10 any employee or representative thereof, to:

11 (1) Pay, allow, or give or offer to pay, allow, or give, directly or
12 indirectly, as an inducement for insurance, or after insurance has been

13 effected, any rebate, discount, abatement, credit, or reduction of the
14 premium named in the policy of insurance, or any special favor or
15 advantage in the dividends or other benefits to accrue thereon, or any
16 valuable consideration or inducement relating to premiums whatever,
17 not specified or provided for in the policy, except to the extent
18 provided for in the applicable filing with the director;

19 (2) Pay, allow, or give or offer to pay, allow, or give, directly or
20 indirectly, to any person acting as an agent, representative, attorney,
21 or employee of the owner, lessee, mortgagee, existing or prospective, of
22 the real property or interest therein which is the subject matter of title
23 insurance or as to which a service is to be performed, any commission
24 or part of its fee or charges, or any other consideration as inducement
25 or compensation for placing any order for a title insurance policy or for
26 performance of any escrow, search and examination of title, execution
27 of policies, commitments, binders and endorsements, or escrows,
28 settlements or closings, or other service by the insurer, title agency,
29 title agent, or employee, or representative thereof; or

30 (3) Issue any policy or perform any service in connection with
31 which it or any agent has paid or contemplates paying, allowing or
32 giving any commission, rebate, inducement, or other consideration that
33 would violate subdivision (2) of this section.

34 3. A violation of any provision under this section is a level three
35 violation under section 374.049, RSMo.

381.029. 1. Whenever the business to be written constitutes
2 affiliated business, prior to commencing the transaction, the title
3 insurer, title agency, or title agent shall ensure that its customer has
4 been provided with disclosure of the existence of the affiliated business
5 arrangement and a written estimate of the charge or range of charges
6 generally made for the title services provided by the title insurer, title
7 agency, or agent.

8 2. The director may establish rules for use by all title agencies
9 in the recording and reporting of the agency's owners and of the
10 agency's ownership interests in other persons or businesses and of
11 material transactions between the parties.

12 3. The director may require each title insurer, agency, and agent
13 to file on forms prescribed by the director reports setting forth the
14 names and addresses of those persons, if any, that have a financial

15 interest in the insurer, agency, or agent and who the insurer, agency,
16 or agent knows or has reason to believe are producers of title
17 insurance business or associates of producers.

18 4. Nothing in this chapter shall be construed as prohibiting
19 affiliated business arrangements in the provision of title insurance
20 business so long as:

21 (1) The title insurer, title agency, title agent, or party making a
22 referral constituting affiliated business, at or prior to the time of the
23 referral, discloses the arrangement and, in connection with the
24 referral, provides the person being referred with a written estimate of
25 the charge or range of charges likely to be assessed and otherwise
26 complies with the disclosure obligations of this section;

27 (2) The person being referred is not required to use a specified
28 title insurer, agency, or agent; and

29 (3) The only thing of value that is received by the title insurer,
30 agency, agent, or party making the referral, other than payments
31 otherwise permitted, is a return on an ownership interest. For
32 purposes of this subsection, the terms "required use" and "return on an
33 ownership interest" shall have the meaning accorded to them under the
34 Real Estate Settlement Procedures Act (RESPA), as amended.

35 5. A violation of any provision under this section is a level two
36 violation under section 374.049, RSMo.

381.038. 1. No title insurance policy shall be written unless and
2 until the title insurer, title agent, or agency has caused to be made a
3 determination of insurability of title in accordance with sound
4 underwriting practices.

5 2. Except when allowed by regulations promulgated by the
6 director, no title insurer, title agent, or agency shall knowingly issue
7 any owner's title insurance policy or commitment to insure without
8 showing all outstanding, enforceable recorded liens or other interests
9 against the title which is to be insured.

10 3. Evidence of the examination of title and determination of
11 insurability generated by a title insurer, title agency, or title agent
12 shall be preserved and maintained by such insurer, agency, or agent for
13 as long as appropriate to the circumstances but in no event less than
14 fifteen years after the title insurance policy has been issued. Instead
15 of retaining the original evidence, the title insurer or title agent or

16 agency may in the regular course of business establish a system
17 whereby all or part of the evidence is recorded, copied, or reproduced
18 by any process that accurately and legibly reproduces or forms a
19 durable medium for reproducing the contents of the original.

20 4. Records relating to escrow and security deposits shall be
21 preserved and retained by a title insurer engaged in direct operations,
22 title agency, and title agent for as long as appropriate to the
23 circumstances but, in no event less than seven years after the escrow
24 or security deposit account has been closed.

25 5. A title agent shall promptly remit premiums to the title
26 insurer no later than thirty days of issuing the policy or if the title
27 insurer issues an invoice, no later than sixty days of receiving an
28 invoice from the title insurer. The title insurer may shorten this period
29 under the terms of its agency contract. A title insurer or title agent
30 shall promptly issue each title insurance policy within forty-five days
31 after closing, unless special circumstances as defined by rule delay the
32 issuance.

33 6. This section shall not apply to a title insurer acting as
34 coinsurer if one of the other coinsurers has complied with this section.

35 7. A violation of any provision under this section is a level two
36 violation under section 374.049, RSMo.

381.042. 1. The director under the authority in section 374.045,
2 RSMo, may issue rules, regulations, and orders necessary to carry out
3 the provisions of this chapter.

4 2. Any rule or portion of a rule, as that term is defined in section
5 536.010, RSMo, that is created under the authority delegated in this
6 section shall become effective only if it complies with and is subject to
7 all of the provisions of chapter 536, RSMo, and, if applicable, section
8 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable
9 and if any of the powers vested with the general assembly pursuant to
10 chapter 536, RSMo, to review, to delay the effective date, or to
11 disapprove and annul a rule are subsequently held unconstitutional,
12 then the grant of rulemaking authority and any rule proposed or
13 adopted after August 28, 2007, shall be invalid and void.

381.045. 1. If the director determines that a person has engaged,
2 is engaging, or has taken a substantial step toward engaging in an act,
3 practice, omission or course of business constituting a violation in this

4 chapter or a rule adopted or order issued pursuant thereto, or a person
5 has materially aided or is materially aiding an act, practice, omission,
6 or course of business constituting a violation in this chapter or a rule
7 adopted or order issued pursuant thereto, the director may issue such
8 administrative orders as authorized under section 374.046, RSMo. The
9 director may also suspend or revoke the license of a producer under
10 section 375.141, RSMo, or the certificate of authority of any title insurer
11 as authorized under section 374.047, RSMo, for any such willful
12 violation.

13 2. If the director believes that a person has engaged, is engaging,
14 or has taken a substantial step toward engaging in an act, practice,
15 omission or course of business constituting a violation in this chapter
16 or a rule adopted or order issued pursuant thereto, or that a person has
17 materially aided or is materially aiding an act, practice, omission, or
18 course of business constituting a violation in this chapter or a rule
19 adopted or order issued pursuant thereto, the director may maintain
20 a civil action for relief authorized under section 374.048, RSMo.

21 3. Nothing contained in this section shall affect the right of the
22 director to impose any other penalties provided for in the laws relating
23 to the business of insurance.

24 4. Nothing contained in this chapter is intended to or shall in
25 any other manner limit or restrict the rights of policyholders,
26 claimants, and creditors.

381.048. 1. The director may bring an action against any title
2 insurer, title agency, title agent, or any director, officer, agent,
3 employee, trustee, or affiliate of a title insurer, title agency, or title
4 agent in a court of competent jurisdiction to enjoin violations of the
5 Real Estate Settlement Procedures Act, 12 U.S.C. Section 2607, as
6 amended.

7 2. A violation of any provision under the federal Real Estate
8 Settlement Procedures Act, as amended, is a level two violation under
9 section 374.049, RSMo.

381.052. No person other than a domestic, foreign, or non-United
2 States title insurer organized on the stock plan and duly licensed by
3 the director shall transact title insurance business as an insurer in this
4 state.

381.055. Subject to the exceptions and restrictions contained in

2 this chapter, a title insurer shall have the power to:

3 (1) Do only title insurance business; and

4 (2) Reinsure title insurance policies.

381.058. 1. No insurer that transacts any class, type, or kind of
2 business other than title insurance shall be eligible for the issuance or
3 renewal of a license to transact the business of title insurance in this
4 state nor shall title insurance be transacted, underwritten, or issued by
5 any insurer transacting or licensed to transact any other class, type, or
6 kind of business.

7 2. A title insurer shall not engage in the business of guaranteeing
8 payment of the principal or the interest of bonds or mortgages.

9 3. (1) Notwithstanding subsection 1 of this section, a title
10 insurer may issue closing or settlement protection letters. Such closing
11 or settlement protection letter shall conform to the terms of coverage
12 and form of instrument as required by the director and may indemnify
13 a buyer, lender or seller solely against loss of settlement funds only
14 because of the following acts of a title insurer's named title agency or
15 title agent:

16 (a) Theft or other improper acts or omissions with regard to
17 escrow or settlement funds; and

18 (b) Failure to comply with written closing instructions by the
19 proposed insured when agreed to by the title agency or title agent
20 relating to title insurance coverage.

21 (2) The rate for issuance of the closing or settlement protection
22 letter shall be filed as a rate with the director.

23 (3) A title insurer shall not provide any other coverage which
24 purports to indemnify against improper acts or omissions of a person
25 with regard to escrow, settlement, or closing services.

26 4. As used in subsection 3 of this section, the term "closing or
27 settlement protection letter" means a statement issued by a title insurer
28 to a party to a real estate transaction acknowledging that the title
29 agency or agent closing a transaction in connection with which the title
30 insurer's policy is being issued is a duly licensed and authorized
31 agency or agent of the title insurer, that the performance of settlement
32 services by such agency or agent is within the scope of its authority as
33 agency or agent for the title insurer, and promising to be responsible
34 for the misapplication of funds or documents by the agency or agent or

35 its failure to follow written instructions in connection with the closing.

381.062. In order to be licensed to do an insurance business in
2 this state, a title insurer shall establish and maintain a minimum paid-
3 in capital of not less than eight hundred thousand dollars and, in
4 addition, surplus of at least eight hundred thousand dollars.

381.065. 1. The net retained liability of a title insurer for a single
2 risk in regard to property located in this state, whether assumed
3 directly or as reinsurance, shall not exceed the aggregate of fifty
4 percent of surplus as regards policyholders plus the statutory premium
5 reserve less the company's investment in title plants, all as shown in
6 the most recent annual statement of the insurer on file with the
7 director.

8 2. For purposes of this chapter:

9 (1) A single risk shall be the insured amount of any title
10 insurance policy, except that, where two or more title insurance
11 policies are issued simultaneously covering different estates in the
12 same real property, a single risk shall be the sum of the insured
13 amounts of all the title insurance policies; and

14 (2) A policy under which a claim payment reduces the amount of
15 insurance under one or more other title insurance policies shall be
16 included in computing the single risk sum only to the extent that its
17 amount exceeds the aggregate amount of the policy or policies whose
18 amount of insurance is reduced.

19 3. A title insurer may obtain reinsurance for all or any part of its
20 liability under its title insurance policies or reinsurance agreements
21 and may also reinsure title insurance policies issued by other title
22 insurers on single risks located in this state or elsewhere. Reinsurance
23 on policies issued on properties located in this state may be obtained
24 from any title insurers licensed to transact title insurance business in
25 this state, any other state, or the District of Columbia and which have
26 a combined capital and surplus of at least one million six hundred
27 thousand dollars.

28 4. The director may waive the limitation of this section for a
29 particular risk upon application of the title insurer and for good cause
30 shown.

381.068. In determining the financial condition of a title insurer
2 doing business under this chapter, the general investment provisions

3 of sections 379.080 to 379.082, RSMo, shall apply; except that, an
4 investment in a title plant or plants in an amount equal to the actual
5 cost shall be allowed as an admitted asset for title insurers. The
6 aggregate amount of the investment shall not exceed twenty percent of
7 surplus to policyholders, as shown on the most recent annual statement
8 of the title insurer on file with the director.

381.072. 1. In determining the financial condition of a title
2 insurer doing business under this chapter, the general provisions of the
3 laws regulating the business of insurance requiring the establishment
4 of reserves sufficient to cover all known and unknown liabilities
5 including allocated and unallocated loss adjustment expense, shall
6 apply; except that, a title insurer shall establish and maintain:

7 (1) (a) A known claim reserve in an amount estimated to be
8 sufficient to cover all unpaid losses, claims, and allocated loss
9 adjustment expenses arising under title insurance policies for which
10 the title insurer may be liable, and for which the insurer has
11 discovered or received notice by or on behalf of the insured or escrow
12 or security depositor;

13 (b) Upon receiving notice from or on behalf of the insured of a
14 title defect in or lien or adverse claim against the title of the insured
15 that may result in a loss or cause expense to be incurred in the proper
16 disposition of the claim, the title insurer shall determine the amount
17 to be added to the reserve, which amount shall reflect a careful
18 estimate of the loss or loss expense likely to result by reason of the
19 claim;

20 (c) Reserves required under this section may be revised from
21 time to time and shall be redetermined at least once each year;

22 (2) A statutory or unearned premium reserve established and
23 maintained as follows:

24 (a) A domestic title insurer shall establish and maintain an
25 unearned premium reserve computed in accordance with this section,
26 and all sums attributed to such reserve shall at all times and for all
27 purposes be considered and constitute unearned portions of the
28 original premiums. This reserve shall be reported as a liability of the
29 title insurer in its financial statements;

30 (b) The unearned premium reserve shall be maintained by the
31 title insurer for the protection of holders of title insurance

32 policies. Except as provided in this section, assets equal in value to the
33 reserve are not subject to distribution among creditors or stockholders
34 of the title insurer until all claims of policyholders or claims under
35 reinsurance contracts have been paid in full, and all liability on the
36 policies or reinsurance contracts has been paid in full and discharged
37 or lawfully reinsured;

38 (c) The unearned premium reserve shall consist of:

39 a. The amount of the unearned premium reserve on January 1,
40 2008; and

41 b. A sum equal to fifteen cents for each one thousand dollars of
42 net retained liability under each title insurance policy, excluding
43 mortgagee's policies simultaneously issued with owner's policies or
44 owner's leasehold policies of the same or greater amount, on a single
45 risk written on properties located in this state and issued after January
46 1, 2008;

47 (d) Amounts placed in the unearned premium reserve in any year
48 in accordance with paragraph (c) of this subdivision shall be deducted
49 in determining the net profit of the title insurer for that year;

50 (e) A title insurer shall release from the unearned premium
51 reserve a sum equal to ten percent of the amount added to the reserve
52 during a calendar year on July first of each of the five years following
53 the year in which the sum was added, and shall release from the
54 unearned premium reserve a sum equal to three and one-third percent
55 of the amount added to the reserve during that year on each succeeding
56 July first until the entire amount for that year has been released. The
57 amount of the unearned premium reserve or similar unearned premium
58 reserve maintained before January 1, 2008, shall be released in
59 accordance with the law in effect immediately before January 1, 2008;

60 (f) a. Each domestic and foreign title insurer shall file annually
61 with the audited financial report required under section 375.1032,
62 RSMo, an actuarial certificate made by a member in good standing of
63 the American Academy of Actuaries, or by an actuary permitted to
64 make such certificate by the commissioner, superintendent or director
65 of the department of insurance of the state of incorporation of a foreign
66 title insurer;

67 b. The actuarial certification shall conform to the annual
68 statement instructions for title insurers adopted by the National

69 Association of Insurance Commissioners and shall include the actuary's
70 professional opinion of the insurer's reserves as of the date of the
71 annual statement. The reserves analyzed under this section shall
72 include reserves for known claims, including adverse developments on
73 known claims, and reserves for incurred but not reported claims;

74 (g) Each domestic and foreign title insurer shall establish a
75 supplemental reserve in the amount by which the actuarially certified
76 reserves exceed the total of the known claim reserve and statutory
77 premium reserve as set forth in the title insurer's annual financial
78 report, subject to this subdivision.

79 2. A foreign or alien title insurer licensed to transact title
80 insurance business in this state shall maintain at least the same
81 reserves on title insurance policies issued on properties located in this
82 state as are required of domestic title insurers, unless the laws of the
83 jurisdiction of domicile of the foreign or alien title insurer require a
84 higher amount.

381.075. 1. Sections 375.570 to 375.750, RSMo, and sections
2 375.1150 to 375.1246, RSMo, shall apply to all title insurers subject to
3 this chapter, except as otherwise provided in this section. In applying
4 such sections, the court shall consider the unique aspects of title
5 insurance and shall have broad authority to fashion relief that provides
6 for the maximum protection of the title insurance policyholders.

7 2. Security and escrow funds held by or on behalf of the title
8 insurer shall not become general assets and shall be administered as
9 secured claims as defined in section 375.1152, RSMo.

10 3. Title insurance policies that are in force at the time an order
11 of liquidation is entered shall not be canceled except upon a showing
12 to the court of good cause by the liquidator. The determination of good
13 cause shall be within the discretion of the court. In making this
14 determination, the court shall consider the unique aspects of title
15 insurance and all other relevant circumstances.

16 4. The court may set appropriate dates that potential claimants
17 must file their claims with the liquidator. The court may set different
18 dates for claims based upon the title insurance policy than for all other
19 claims. In setting dates, the court shall consider the unique aspects of
20 title insurance and all other relevant circumstances.

21 5. As of the date of the order of insolvency or liquidation, all

22 premiums paid, due or to become due under policies of the title
23 insurers, shall be fully earned. It shall be the obligation of title
24 agencies, title agents, insureds, or representatives of the title insurer
25 to pay fully earned premium to the liquidator or rehabilitator.

381.085. 1. A title insurer shall not deliver or issue for delivery
2 or permit any of its authorized title agencies or title agents to deliver
3 in this state, any standard form providing coverage, in connection with
4 title insurance written, unless the standard form has been filed with
5 the director thirty days prior to use.

6 2. Forms covered by this section shall include:

7 (1) Title insurance policies, including standard form
8 endorsements;

9 (2) Title insurance commitments issued prior to the issuance of
10 a title insurance policy; and

11 (3) Closing or settlement protection letters.

12 3. Any term or condition related to an insurance coverage
13 provided by a title insurance policy or any exception to the coverage,
14 except those ascertained from a search and examination of records
15 relating to a title or inspection or survey of a property to be insured,
16 may only be included in the policy after the term, condition or
17 exception has been filed with the director as herein provided.

18 4. The director shall review such form, term, condition, or
19 exception within thirty days. If within this time the director believes
20 the form, term, condition, or exception is not in compliance with the
21 insurance laws of this state or does not contain such words,
22 phraseology, conditions, and provisions which are specific, certain, and
23 unambiguous and reasonably adequate to meet the needed
24 requirements of those insured under such policies, the director may
25 schedule a hearing to be held within sixty days and at such hearing
26 receive evidence and suggestions of law on the matter.

27 5. If the director determines after a hearing that a form, term,
28 condition, or exception shall be disapproved, the director shall issue an
29 order disapproving the form, term, condition, or exception in a record
30 and with findings of fact and conclusions of law in accordance with the
31 provisions of chapter 536, RSMo. A final order may not be issued
32 unless the director specifies the provisions of law that have not been
33 complied with or the words, phraseology, conditions, or provisions

34 which are not specific, certain and unambiguous and reasonably
35 adequate to meet the needed requirement of those insured under such
36 policies. A final order of disapproval is subject to judicial review under
37 the provisions of chapter 536, RSMo. During the pending of any
38 proceeding under this section, all such forms may be used.

39 6. The failure of the director to seek disapproval does not
40 constitute an approval or endorsement of the form, term, condition, or
41 exception by the director. It is unlawful to make any representation
42 that the director has approved a form, term, condition, or exception
43 filed under this section.

381.112. For purposes of the premium tax imposed by sections
2 148.320 and 148.340, RSMo, the premium income received by a title
3 insurer shall mean the amount within the definition of "premium".

381.115. 1. It is unlawful for any person to transact the business
2 of title insurance unless authorized as a title insurer, title agency or
3 title agent;

4 2. It is unlawful for any person to transact business as:

5 (1) A title agency, unless the person is a licensed business entity
6 insurance producer under subsection 2 of section 375.015, RSMo; or

7 (2) A title agent, unless the person is a licensed individual
8 insurance producer under subsection 1 of section 375.015, RSMo, or is
9 exempt from licensure under subsection 3 of this section.

10 3. A salaried employee of a title insurer, title agency, or title
11 agent is exempt from licensure as a title agent if the employee does not
12 do any of the following:

13 (1) Establish premiums for a title insurance policy or closing
14 protection letter;

15 (2) Determine insurability; or

16 (3) Materially perform or supervise others who perform any
17 selling, soliciting, or negotiating title insurance, title search or
18 examinations, executing title insurance policies, commitments, binders
19 or endorsements, or handing escrows, settlements, or closings.

20 4. It is unlawful for any title insurer to contract with any person
21 to act in the capacity of a title agency or title agent with respect to
22 risks located in this state unless the person is licensed as required in
23 this section.

24 5. The director may adopt rules, regulations, and requirements

25 relating to licensing and practices of persons acting in the capacity of
26 title agencies or agents. These persons may include title agencies, title
27 agents, employees of title insurers, title agencies, or title agents, and
28 persons acting on behalf of title insurers, title agencies, or title
29 agents. This subsection is not intended to require licensure of persons
30 performing a clerical function under the direct supervision and
31 direction of a licensed agent.

32 6. Every title agency licensed in this state shall:

33 (1) Exclude or eliminate the word insurer, insurance company,
34 or underwriter from its business name, unless the word agency is also
35 included as part of the name; and

36 (2) Provide, in a timely fashion, each title insurer with which it
37 places business, any information the title insurer requests in order to
38 comply with reporting requirements of the director.

39 7. A title agency or title agent licensed in this state prior to the
40 effective date of this chapter shall have ninety days after the effective
41 date of this chapter to comply with the requirements of this section.

42 8. If the title insurer, title agency, or title agent delegates the
43 title search to a third party, such as an abstract company, the insurer,
44 agency, or agent must first obtain proof that the third party is
45 operating in compliance with rules and regulations established by the
46 director and the third party shall provide the insurer, agency, or agent
47 with access to and the right to copy all accounts and records
48 maintained by the third party with respect to business placed with the
49 title insurer. Proof from the third party may consist of a signed
50 statement indicating compliance, and shall be effective for a three-year
51 period.

52 9. A violation of any provision under this section is a level three
53 violation under section 374.049, RSMo.

381.118. 1. Each title agency shall designate an individual as a
2 qualified principal, who as a condition of licensure, shall successfully
3 pass an examination developed by the producer advisory board
4 established by section 375.019, RSMo, and approved by the
5 director. Each title agent shall successfully pass an examination
6 developed by the producer advisory board and approved by the
7 director. Upon request by a title agency or agent and for good cause,
8 the director, by order, may waive the requirements of this

9 subsection. The examination requirement in this subsection shall be
10 waived for all title agents and qualified principals who have
11 continually been licensed in this state as a title agent or insurance
12 producer from at least January 1, 2005, through January 1, 2008.

13 2. Each title agent licensed to sell title insurance in this state,
14 unless exempt under subsection 8 of this section, shall successfully
15 complete courses of study as required by this section. Any person
16 licensed to act as a title agent shall, during each two years, attend
17 courses or programs of instruction or attend seminars equivalent to a
18 minimum of eight hours of instruction. The initial such two-year
19 period shall begin January first of the year next following the effective
20 date of this chapter.

21 3. Subject to approval by the director, the courses or programs
22 of instruction which shall be deemed to meet the director's standards
23 for continuing educational requirements shall include, but not be
24 limited to, the following:

25 (1) An insurance-related course taught by an accredited college
26 or university or qualified instructor who has taught a course of
27 insurance law at such institution;

28 (2) A course or program of instruction or seminar developed or
29 sponsored by any authorized insurer, recognized agents' association or
30 insurance trade association. A local agents' group may also be
31 approved if the instructor receives no compensation for services;

32 (3) Courses approved for continuing legal education credit by the
33 Missouri Bar.

34 4. A person teaching any approved course of instruction or
35 lecturing at any approved seminar shall qualify for one and one-half
36 times the number of classroom hours as would be granted to a person
37 taking and successfully completing such course, seminar or program,
38 but the credit may be credited no more than once a year.

39 5. Excess classroom hours accumulated during any two-year
40 period may be carried forward to the two-year period immediately
41 following the two-year period in which the course, program, or seminar
42 was held.

43 6. For good cause shown, the director may grant an extension of
44 time during which the educational requirements imposed by this
45 section may be completed, but such extension of time shall not exceed

46 the period of one calendar year. The director may grant an individual
47 waiver of the mandatory continuing education requirement upon a
48 showing by the licensee that it is not feasible for the licensee to satisfy
49 the requirements prior to the renewal date. Waivers may be granted
50 for reasons including, but not limited to:

- 51 (1) Serious physical injury or illness;
- 52 (2) Active duty in the armed services for an extended period of
53 time;
- 54 (3) Residence outside the United States; or
- 55 (4) Licensee is at least seventy years of age and is currently
56 licensed as a title agent.

57 7. Every person subject to the provisions of this section shall
58 furnish in a form satisfactory to the director, written certification as
59 to the courses, programs, or seminars of instruction taken and
60 successfully completed by such person.

61 8. The provisions of this section shall not apply to those natural
62 persons holding or applying for a license to act as a title agent in
63 Missouri who reside in a state that has enacted and implemented a
64 mandatory continuing education law or regulation pertaining to title
65 agents. However, those natural persons holding or applying for a
66 Missouri agent license who reside in states which have no mandatory
67 continuing education law or regulations shall be subject to all the
68 provisions of this section to the same extent as resident Missouri title
69 agents.

70 9. Rules necessary to implement and administer this section shall
71 be promulgated by the director, including, but not limited to, rules
72 regarding the following:

73 (1) The producer advisory board established by section 375.019,
74 RSMo, shall be utilized by the director to assist the director in
75 determining acceptable content of courses, programs and seminars to
76 include classroom equivalency;

77 (2) Every applicant seeking approval by the director of a
78 continuing education course under this section shall pay to the director
79 a filing fee of fifty dollars per course, except that such total fee shall
80 not exceed two hundred fifty dollars per year for any single
81 applicant. Fees shall be waived for local agents' groups if the
82 instructor receives no compensation for services. Such fee shall

83 accompany any application form required by the director. Courses
84 shall be approved for a period of no more than one year. Applicants
85 holding courses intended to be offered for a longer period must reapply
86 for approval.

87 10. All funds received under the provisions of this section shall
88 be transmitted by the director to the department of revenue for deposit
89 in the state treasury to the credit of the insurance dedicated fund. All
90 expenditures required by this section shall be paid from funds
91 appropriated from the insurance dedicated fund by the general
92 assembly.

93 11. When a title agent pays his or her biennial renewal fee, such
94 agent shall also furnish the written certification required by this
95 section.

96 12. Any rule or portion of a rule, as that term is defined in
97 section 536.010, RSMo, that is created pursuant to the authority
98 delegated in this section shall become effective only if it complies with
99 and is subject to all of the provisions of chapter 536, RSMo, and, if
100 applicable, section 536.028, RSMo. This section and chapter 536, RSMo,
101 are nonseverable and if any of the powers vested with the general
102 assembly pursuant to chapter 536, RSMo, to review, to delay the
103 effective date, or to disapprove and annul a rule are subsequently held
104 unconstitutional, then the grant of rulemaking authority and any rule
105 proposed or adopted after August 28, 2007, shall be invalid and void.

381.122. The director may during normal business hours
2 examine, audit and inspect any and all books and records maintained
3 by a title insurer, title agency, or title agent under this chapter.

381.410. As used in this section and section 381.412, the following
2 terms mean:

3 (1) "Cashier's check", a check, however labeled, drawn on the
4 financial institution, which is signed only by an officer or employee of
5 such institution, is a direct obligation of such institution, and is
6 provided to a customer of such institution or acquired from such
7 institution for remittance purposes;

8 (2) "Certified funds", United States currency, funds conveyed by
9 a cashier's check, certified check, teller's check, as defined in Federal
10 Reserve Regulations CC, or wire transfers, including written advice
11 from a financial institution that collected funds have been credited to

12 the settlement agent's account;

13 (3) "Director", the director of the department of insurance,
14 financial and professional regulation, unless the settlement agent's
15 primary regulator is the division of finance. When the settlement agent
16 is regulated by such division, that division shall have jurisdiction over
17 this section and section 381.412;

18 (4) "Financial institution":

19 (a) A person or entity doing business under the laws of this state
20 or the United States relating to banks, trust companies, savings and
21 loan associations, credit unions, commercial and consumer finance
22 companies, industrial loan companies, insurance companies, small
23 business investment corporations licensed under the Small Business
24 Investment Act of 1958, 15 U.S.C. Section 661, et seq., as amended, or
25 real estate investment trusts as defined in 26 U.S.C. Section 856, as
26 amended, or institutions constituting the Farm Credit System under the
27 Farm Credit Act of 1971, 12 U.S.C. Section 2000, et seq., as amended; or

28 (b) A mortgage loan company or mortgage banker doing business
29 under the laws of this state or the United States which is subject to
30 licensing, supervision, or auditing by the Federal National Mortgage
31 Association, or the Federal Home Loan Mortgage Corporation, or the
32 United States Veterans' Administration, or the Government National
33 Mortgage Association, or the United States Department of Housing and
34 Urban Development, or a successor of any of the foregoing agencies or
35 entities, as an approved seller or servicer, if their principal place of
36 business is in Missouri or a state which is contiguous to Missouri;

37 (5) "Settlement agent", a person, corporation, partnership, or
38 other business organization which accepts funds and documents as
39 fiduciary for the buyer, seller or lender for the purposes of closing a
40 sale of an interest in real estate located within the state of Missouri,
41 and is not a financial institution, or a member in good standing of the
42 Missouri Bar, or a person licensed under chapter 339, RSMo.

381.412. 1. A settlement agent who accepts funds for closing a
2 sale of an interest in real estate shall require a buyer, seller, or lender
3 who is not a financial institution to convey such funds to the settlement
4 agent as certified funds. A check shall be exempt from the provisions
5 of this section if drawn on:

6 (1) An escrow account of a licensed real estate broker, as

7 regulated and described in section 339.105, RSMo; or

8 (2) An escrow account of a title insurer or title insurance agency
9 licensed to do business in Missouri; or

10 (3) An agency of the United States of America, the state of
11 Missouri, or any county or municipality of the state of Missouri; or

12 (4) An account by a financial institution.

13 2. It is unlawful for any title insurer, title agency, or title agent,
14 as defined in section 381.009, to make any payment, disbursement or
15 withdrawal from an escrow account which it maintains as a depository
16 of funds received from the public for the settlement of real estate
17 transactions unless a corresponding deposit of funds was made to the
18 escrow account for the benefit of the payee or payees:

19 (1) At least ten days prior to such payment, disbursement, or
20 withdrawal; or

21 (2) Which consisted of certified funds; or

22 (3) Consisted of a check made exempt from this section by the
23 provisions of subsection 1 of this section.

24 3. A violation of any provision of this section is a level two
25 violation under section 374.049, RSMo.

[381.003. 1. Sections 381.003 to 381.125 shall be known
2 and may be cited as the "Missouri Title Insurance Act".

3 2. Sections 381.009 to 381.048 shall apply to all persons
4 engaged in the business of title insurance in this state. Sections
5 381.052 to 381.112 shall apply to all title insurers engaged in the
6 business of title insurance in this state. Sections 381.115 to
7 381.125 shall apply to all title agencies engaged in the business of
8 title insurance in this state.

9 3. Except as otherwise expressly provided in this chapter
10 and except where the context otherwise requires, all provisions of
11 the insurance code applying to insurance and insurance companies
12 generally shall apply to title insurance, title insurers and title
13 agents.]

[381.009. As used in this chapter, the following terms
2 mean:

3 (1) "Abstract of title" or "abstract", a written history,
4 synopsis or summary of the recorded instruments affecting the title

5 to real property;

6 (2) "Affiliate", a specific person that directly, or indirectly
7 through one or more intermediaries, controls, or is controlled by, or
8 is under common control with, the person specified;

9 (3) "Affiliated business", any portion of a title insurance
10 agency's business written in this state that was referred to it by a
11 producer of title insurance business or by an associate of the
12 producer, where the producer or associate, or both, have a financial
13 interest in the title agency;

14 (4) "Associate", any:

15 (a) Business organized for profit in which a producer of title
16 business is a director, officer, partner, employee or an owner of a
17 financial interest;

18 (b) Employee of a producer of title business;

19 (c) Franchisor or franchisee of a producer of title business;

20 (d) Spouse, parent or child of a producer of title insurance
21 business who is a natural person;

22 (e) Person, other than a natural person, that controls, is
23 controlled by, or is under common control with, a producer of title
24 business;

25 (f) Person with whom a producer of title insurance business
26 or any associate of the producer has an agreement, arrangement or
27 understanding, or pursues a course of conduct, the purpose or effect
28 of which is to provide financial benefits to that producer or
29 associate for the referral of business;

30 (5) "Bona fide employee of the title insurer", an individual
31 who devotes substantially all of his or her time to performing
32 services on behalf of a title insurer and whose compensation for
33 those services is in the form of salary or its equivalent paid by the
34 title insurer;

35 (6) "Control", including the terms "controlling", "controlled
36 by" and "under common control with", the possession, direct or
37 indirect, of the power to direct or cause the direction of the
38 management and policies of a person, whether through the
39 ownership of voting securities, by contract other than a commercial
40 contract for goods or nonmanagement services, or otherwise, unless

41 the power is the result of an official position or corporate office held
42 by the person. Control shall be presumed to exist if a person,
43 directly or indirectly, owns, controls, holds with the power to vote
44 or holds proxies representing ten percent or more of the voting
45 securities of another person. This presumption may be rebutted by
46 showing that control does not exist in fact. The director may
47 determine, after furnishing all persons in interest notice and
48 opportunity to be heard and making specific findings of fact to
49 support the determination, that control exists in fact,
50 notwithstanding the absence of a presumption to that effect;

51 (7) "County" or "counties" includes any city not within a
52 county;

53 (8) "Direct operations", that portion of a title insurer's
54 operations which are attributable to business written by a bona
55 fide employee;

56 (9) "Director", the director of the department of insurance,
57 or the director's representatives;

58 (10) "Escrow", written instruments, money or other items
59 deposited by one party with a depository, escrow agent or escrowee
60 for delivery to another party upon the performance of a specified
61 condition or the happening of a certain event;

62 (11) "Escrow, settlement or closing fee", the consideration
63 for supervising or handling the actual execution, delivery or
64 recording of transfer and lien documents and for disbursing funds;

65 (12) "Financial interest", a direct or indirect legal or
66 beneficial interest, where the holder is or will be entitled to five
67 percent or more of the net profits or net worth of the entity in
68 which the interest is held;

69 (13) "Foreign title insurer", any title insurer incorporated
70 or organized pursuant to the laws of any other state of the United
71 States, the District of Columbia, or any other jurisdiction of the
72 United States;

73 (14) "Geographically indexed or retrievable", a system of
74 keeping recorded documents which includes as a component a
75 method for discovery of the documents by:

76 (a) Searching an index arranged according to the

77 description of the affected land; or

78 (b) An electronic search by description of the affected land;

79 (15) "Net retained liability", the total liability retained by
80 a title insurer for a single risk, after taking into account any ceded
81 liability and collateral, acceptable to the director, and maintained
82 by the insurer;

83 (16) "Non-United States title insurer", any title insurer
84 incorporated or organized pursuant to the laws of any foreign
85 nation or any province or territory;

86 (17) "Premium", the consideration paid by or on behalf of
87 the insured for the issuance of a title insurance policy or any
88 endorsement or special coverage. It does not include consideration
89 paid for settlement or escrow services or noninsurance-related
90 information services;

91 (18) "Producer", any person, including any officer, director
92 or owner of five percent or more of the equity or capital of any
93 person, engaged in this state in the trade, business, occupation or
94 profession of:

95 (a) Buying or selling interests in real property;

96 (b) Making loans secured by interests in real property; or

97 (c) Acting as broker, agent, representative or attorney of a
98 person who buys or sells any interest in real property or who lends
99 or borrows money with the interest as security;

100 (19) "Qualified depository institution", an institution that
101 is:

102 (a) Organized or, in the case of a United States branch or
103 agency office of a foreign banking organization, licensed pursuant
104 to the laws of the United States or any state and has been granted
105 authority to operate with fiduciary powers;

106 (b) Regulated, supervised and examined by federal or state
107 authorities having regulatory authority over banks and trust
108 companies;

109 (c) Insured by the appropriate federal entity; and

110 (d) Qualified under any additional rules established by the
111 director;

112 (20) "Referral", the directing or the exercising of any power

113 or influence over the direction of title insurance business, whether
114 or not the consent or approval of any other person is sought or
115 obtained with respect to the referral;

116 (21) "Search", "search of the public records" or "search of
117 title", a search of those records established by the laws of this state
118 for the purpose of imparting constructive notice of matters relating
119 to real property to purchasers for value and without knowledge;

120 (22) "Security" or "security deposit", funds or other property
121 received by the title insurer as collateral to secure an indemnitor's
122 obligation under an indemnity agreement pursuant to which the
123 insurer is granted a perfected security interest in the collateral in
124 exchange for agreeing to provide coverage in a title insurance
125 policy for a specific title exception to coverage;

126 (23) "Subsidiary", an affiliate controlled by a person directly
127 or indirectly through one or more intermediaries;

128 (24) "Title agency" means an authorized person who issues
129 title insurance on behalf of a title insurer. An attorney licensed to
130 practice law in this state who issues title insurance as a part of his
131 or her law practice, but does not maintain or operate a title
132 insurance business separate from such law practice is not a title
133 agency;

134 (25) "Title agent" or "agent", an attorney licensed to
135 practice law in this state who issues title insurance as part of his
136 or her law practice, but who is not affiliated with or acting on
137 behalf of a title agency, or an authorized person who, on behalf of
138 a title agency or on behalf of a title agent not affiliated with a title
139 agency, performs one or more of the following acts in conjunction
140 with the issuance of a title insurance commitment or policy:

141 (a) Determines insurability, based upon a review of a search
142 of title;

143 (b) Performs searches;

144 (c) Handles escrows, settlements or closings; or

145 (d) Solicits or negotiates title insurance business;

146 (26) "Title insurance business" or "business of title
147 insurance":

148 (a) Issuing as insurer or offering to issue as insurer a title

- 149 insurance policy;
- 150 (b) Transacting or proposing to transact by a title insurer
151 any of the following activities when conducted or performed in
152 contemplation of and in conjunction with the issuance of a title
153 insurance policy:
- 154 a. Soliciting or negotiating the issuance of a title insurance
155 policy;
- 156 b. Guaranteeing, warranting or otherwise insuring the
157 correctness of title searches for all instruments affecting titles to
158 real property, any interest in real property, cooperative units and
159 proprietary leases and for all liens or charges affecting the same;
- 160 c. Handling of escrows, settlements or closings;
- 161 d. Executing title insurance policies;
- 162 e. Effecting contracts of reinsurance; or
- 163 f. Abstracting, searching or examining titles;
- 164 (c) Guaranteeing, warranting or insuring searches or
165 examinations of title to real property or any interest in real
166 property;
- 167 (d) Guaranteeing or warranting the status of title as to
168 ownership of or liens on real property by any person other than the
169 principals to the transaction;
- 170 (e) Promising to purchase or repurchase for consideration
171 an indebtedness because of a title defect, whether or not involving
172 a transfer of risk to a third person; or
- 173 (f) Promising to indemnify the holder of a mortgage or deed
174 of trust against loss from the failure of the borrower to pay the
175 mortgage or deed of trust when due if the property fails to yield
176 sufficient proceeds upon foreclosure to satisfy the debt, when one
177 or both of the following conditions exist:
- 178 a. The security has been impaired by the discovery of a
179 previously unknown property interest in favor of one who is not
180 liable for the payment of the mortgage or deed of trust; or
- 181 b. Perfection of the position of the mortgage or deed of trust
182 which was assured to exist cannot be obtained, notwithstanding
183 timely recordation with the recorder of deeds of the county in which
184 the property is located; or

185 (g) Doing or proposing to do any business substantially
186 equivalent to any of the activities listed in this subdivision in a
187 manner designed to evade the provisions of this chapter;

188 (27) "Title insurance commitment" or "commitment", a
189 preliminary report, commitment or binder issued prior to the
190 issuance of a title insurance policy containing the terms,
191 conditions, exceptions and other matters incorporated by reference
192 under which the title insurer is willing to issue its title insurance
193 policy. A title insurance commitment is not an abstract of title;

194 (28) "Title insurance policy" or "policy", a contract insuring
195 or indemnifying owners of, or other persons lawfully interested in,
196 real property or any interest in real property, against loss or
197 damage arising from any or all of the following conditions existing
198 on or before the policy date and not excepted or excluded:

199 (a) Title to the estate or interest in land being otherwise
200 than as stated in the policy;

201 (b) Defects in or liens or encumbrances on the insured title;

202 (c) Unmarketability of the insured title;

203 (d) Lack of legal right of access to the land;

204 (e) Invalidity or unenforceability of the lien of an insured
205 mortgage;

206 (f) The priority of a lien or encumbrance over the lien of any
207 insured mortgage;

208 (g) The lack of priority of the lien of an insured mortgage
209 over a statutory lien for services, labor or material;

210 (h) The invalidity or unenforceability of an assignment of
211 the insured mortgage; or

212 (i) Rights or claims relating to the use of or title to the
213 land;

214 (29) "Title insurer" or "insurer", a company organized
215 pursuant to laws of this state for the purpose of transacting the
216 business of title insurance and any foreign or non-United States
217 title insurer licensed in this state to transact the business of title
218 insurance;

219 (30) "Title plant", a set of records encompassing at least the
220 most recent forty-five years, consisting of documents, maps, surveys

221 or entries affecting title to real property or any interest in or
222 encumbrance on the property, which have been filed or recorded in
223 the jurisdiction for which the title plant is established or
224 maintained. The records in the title plant shall be geographically
225 indexed or retrievable as to those records containing a legal
226 description of affected land, and otherwise by name of affected
227 person;

228 (31) "Underwrite", the authority to accept or reject risk on
229 behalf of the title insurer.]

[381.011. 1. Sections 381.011 to 381.241 shall be known
2 and may be cited as the "Missouri Title Insurance Act".

3 2. The purpose of sections 381.011 to 381.241 is to provide
4 the state of Missouri with a comprehensive body of law for the
5 effective regulation and supervision of title insurance business
6 transacted within this state in response to the McCarran-Ferguson
7 Act, Sections 1011-1015, Title 15, United States Code.]

[381.015. 1. When a title insurance commitment issued by
2 a title insurer, title agency or title agent includes an offer to issue
3 an owner's policy covering the resale of owner-occupied residential
4 property, the commitment shall incorporate the following statement
5 in bold type:

6 "Please read the exceptions and the terms shown or referred
7 to herein carefully. The exceptions are meant to provide you with
8 notice of matters which are not covered under the terms of the title
9 insurance policy and should be carefully considered."

10 2. A title insurer, title agency or title agent issuing a
11 lender's title insurance policy in conjunction with a mortgage loan
12 made simultaneously with the purchase of all or part of the real
13 estate securing the loan, where no owner's title insurance policy
14 has been requested, shall give written notice, on a form prescribed
15 or approved by the director, to the purchaser-mortgagor at the time
16 the commitment is prepared. The notice shall explain that a
17 lender's title insurance policy is to be issued protecting the
18 mortgage-lender, and that the policy does not provide title
19 insurance protection to the purchaser-mortgagor as the owner of
20 the property being purchased. The notice shall explain what a title

21 policy insures against and what possible exposures exist for the
22 purchaser- mortgagor that could be insured against through the
23 purchase of an owner's policy. The notice shall also explain that
24 the purchaser-mortgagor may obtain an owner's title insurance
25 policy protecting the property owner at a specified cost or
26 approximate cost, if the proposed coverages are or amount of
27 insurance is not then known. A copy of the notice, signed by the
28 purchaser-mortgagor, shall be retained in the relevant
29 underwriting file at least fifteen years after the effective date of the
30 policy.

31 3. Each violation of any provision of this section is a class
32 C violation as that term is defined in section 381.045.]

[381.018. 1. The title insurer shall not allow the issuance
2 of its commitments or policies by a title agency or title agent not
3 affiliated with a title agency unless there is in force a written
4 contract between the parties which sets forth the responsibilities
5 of each party or, where both parties share responsibility for
6 particular functions, specifies the division of responsibilities.

7 2. For each title agency or title agent not affiliated with a
8 title agency under contract with the insurer, the title insurer shall
9 have on file a statement of financial condition, of each title agency
10 or title agent as of the end of the previous calendar or fiscal year
11 setting forth an income statement of business done during the
12 preceding year and a balance sheet showing the condition of its
13 affairs as of the close of the prior year, certified by the agency or
14 agent as being a true and accurate representation of the agency's
15 or agent's financial condition. The statement shall be filed with
16 the insurer no later than the date the agency's or agent's federal
17 income tax return for the same year is filed. Attorneys actively
18 engaged in the practice of law, in addition to that related to title
19 insurance business, are exempt from the requirements of this
20 subsection.

21 3. The title insurer shall conduct reviews of the
22 underwriting, claims and escrow practices of its agencies and
23 agents which shall include a review of the agency's or agent's policy
24 blank inventory and processing operations. If any such title agency

25 or title agent does not maintain separate bank or trust accounts for
26 each title insurer it represents, the title insurer shall verify that
27 the funds held on its behalf are reasonably ascertainable from the
28 books of account and records of the title agency or title agent not
29 affiliated with a title agency. The title insurer shall conduct a
30 review of each of its agencies and agents at least triennially
31 commencing January first of the year first following January 1,
32 2001.

33 4. Within thirty days of executing or terminating a contract
34 with a title agency or title agent not affiliated with a title agency,
35 the insurer shall provide notification of the appointment or
36 termination and the reason for termination to the director. Notices
37 of appointment of a title agency or title agent shall be made on a
38 form promulgated by the director.

39 5. The title insurer shall maintain an inventory of all policy
40 numbers allocated to each title agency or title agent not affiliated
41 with a title agency.

42 6. The title insurer shall have on file proof that the title
43 agency or title agent is licensed by this state.

44 7. The title insurer shall establish the underwriting
45 guidelines and, where applicable, limitations on title claims
46 settlement authority to be incorporated into contracts with its title
47 agencies and title agents not affiliated with a title agency.

48 8. Each violation of any provision of this section is a class
49 B violation as that term is defined in section 381.045.]

2 [381.021. 1. Sections 381.011 to 381.241 shall apply to all
persons engaged in the business of title insurance in this state.

3 2. Except as otherwise expressly provided in sections
4 381.011 to 381.241, and except where the context otherwise
5 requires, all provisions of the insurance laws of this state applying
6 to insurance and insurance companies generally shall apply to title
7 insurance and title insurance companies. No law of this state
8 enacted after September 28, 1987, that is inconsistent with the
9 provisions of such sections shall be applicable to the business of
10 title insurance unless such law specifically states that it is to be
11 applicable to the business of title insurance.

12 3. Nothing in sections 381.011 to 381.241 shall be construed
13 to authorize the practice of law by any person who is not duly
14 admitted to practice law in this state nor shall it be construed to
15 authorize the director to regulate the practice of law or the sale of
16 real estate.]

 [381.022. 1. A title insurer, title agency or title agent not
2 affiliated with a title agency may operate as an escrow, security,
3 settlement or closing agent, provided that:

4 (1) All funds deposited with the title insurer, title agency
5 or title agent not affiliated with a title agency in connection with
6 any escrow, settlement, closing or security deposit shall be
7 submitted for collection to or deposited in a separate fiduciary trust
8 account or accounts in a qualified depository institution no later
9 than the close of the next business day after receipt, in accordance
10 with the following requirements:

11 (a) The funds shall be the property of the person or persons
12 entitled to them under the provisions of the escrow, settlement,
13 security deposit or closing agreement and shall be segregated for
14 each depository by escrow, settlement, security deposit or closing
15 in the records of the title insurer, title agency or title agent not
16 affiliated with a title agency, in a manner that permits the funds
17 to be identified on an individual basis and in accordance with the
18 terms of the individual instructions or agreements under which the
19 funds were accepted; and

20 (b) The funds shall be applied only in accordance with the
21 terms of the individual instructions or agreements under which the
22 funds were accepted;

23 (2) Funds held in an escrow account shall be disbursed only
24 pursuant to a written instruction or agreement specifying under
25 what conditions and to whom such funds may be disbursed or
26 pursuant to an order of a court of competent jurisdiction;

27 (3) Funds held in a security deposit account shall be
28 disbursed only pursuant to a written agreement specifying:

29 (a) What actions the indemnitor shall take to satisfy his or
30 her obligation under the agreement;

31 (b) The duties of the title insurer, title agency or title agent

32 not affiliated with a title agency with respect to disposition of the
33 funds held, including a requirement to maintain evidence of the
34 disposition of the title exception before any balance may be paid
35 over to the depositing party or his or her designee; and

36 (c) Any other provisions the director may require;

37 (4) Any interest received on funds deposited in connection
38 with any escrow, settlement, security deposit or closing may be
39 retained by the title insurer, title agency or title agent not
40 affiliated with a title agency as compensation for administration of
41 the escrow or security deposit, unless the instructions for the funds
42 or a governing statute provides otherwise;

43 (5) Each violation of this subsection is a class A violation
44 as that term is defined in section 381.045.

45 2. The title agency or title agent not affiliated with an
46 agency shall cooperate with its underwriters in the conduct by the
47 underwriters of reviews of the agency's or agent's escrow,
48 settlement, closing and security deposit accounts. The title insurer
49 shall provide a copy of the report of each such review it performs
50 to the director. The director may promulgate rules setting forth
51 the minimum threshold level at which a review would be required,
52 the standards thereof and the form of report required.

53 3. If the title agency or title agent not affiliated with an
54 agency is appointed by two or more title insurers and maintains
55 fiduciary trust accounts in connection with providing escrow or
56 closing settlement services, the title agency or title agent shall
57 allow each title insurer reasonable access to the accounts and any
58 or all of the supporting account information in order to ascertain
59 the safety and security of the funds held by the title agency or title
60 agent.

61 4. (1) Nothing in this chapter shall be deemed to prohibit
62 the recording of documents prior to the time funds are available for
63 disbursement with respect to a transaction in which a title insurer,
64 title agency or title agent not affiliated with a title agency is the
65 settlement agent, provided all parties to whom payment will
66 become due upon such recording consent thereto in writing.

67 (2) The settlement agent shall record all deeds and security

68 instruments for real estate closings handled by it within three
69 business days after completion of all conditions precedent thereto.

70 (3) Each violation of this subsection is a class C violation
71 as that term is defined in section 381.045.]

[381.025. 1. A title insurer, title agency, title agent or
2 other person shall not give or receive, directly or indirectly, any
3 consideration for the referral of title insurance business or escrow
4 or other service provided by a title insurer, title agency or title
5 agent. Each violation of this subsection is a class A violation as
6 that term is defined in section 381.045.

7 2. Any title insurer, title agency or title agent doing
8 business in the same county as a title insurer, title agency or title
9 agent who may be in violation of the prohibitions or limitations of
10 this section shall have standing to seek injunctive relief against the
11 violating title insurer, title agency or title agent in the event the
12 department declines or fails to enforce this section within forty-five
13 days following receipt of written notice of such violation. In any
14 action pursuant to this subsection, the court may award to the
15 successful party the court costs of the action together with
16 reasonable attorney fees.]

[381.028. No title insurer, title agency or title agent shall
2 participate in any transaction in which it knows that a producer or
3 other person requires, directly or indirectly, or through any trustee,
4 director, officer, agent, employee or affiliate, as a condition,
5 agreement or understanding to selling or furnishing any other
6 person a loan, or loan extension, credit, sale, property, contract,
7 lease or service, that the other person shall place a title insurance
8 policy of any kind with the title insurer or through a particular
9 title agency or agent. Each violation of this section is a class A
10 violation as that term is defined in section 381.045.]

[381.032. 1. No title insurer, may charge any rates
2 regulated by the state after January 1, 2001, except in accordance
3 with the premium rate schedule and manual filed with and
4 approved by the director in accordance with applicable statutes and
5 regulations governing rate filings. Premium rate schedules in
6 effect prior to January 1, 2001, may be used until new rate

7 schedules have been approved by the director. Title insurers shall
8 file their premium rate schedules within thirty days after January
9 1, 2001. Each violation of this subsection is a class C violation as
10 that term is defined in section 381.045. Nothing in this section
11 shall prevent an agent not affiliated with an agency from charging
12 for services that constitute the practice of law at the customary fee
13 charged by such person for legal services. To the extent the
14 premium fails to compensate the agent at such rate, the agent may
15 render an additional bill for such services on behalf of the agent's
16 law practice or law firm. The acceptance of any part of the
17 premium by the law firm of said agent shall not be a violation of
18 any provision of the Missouri title insurance act or the general
19 insurance statutes, regulations or bulletins regarding payment of
20 commissions to nonlicensed entities.

21 2. The director may establish rules, including rules
22 providing statistical plans, for use by all title insurers, title
23 agencies and title agents in the recording and reporting of revenue,
24 loss and expense experience in such form and detail as is necessary
25 to aid the director in the establishment of rates and fees.

26 3. The director may require that the information provided
27 pursuant to this section be verified by oath of the insurer's or
28 agency's president or vice president or secretary or actuary, as
29 applicable. The director may further require that the information
30 required pursuant to this section be subject to an audit conducted
31 at the expense of the title insurer or title agency by an independent
32 certified public accountant. The director shall have the authority
33 to establish a minimum threshold level at which an audit would be
34 required.

35 4. Information filed with the director relating to the
36 experience of a particular agency shall be kept confidential unless
37 the director finds it in the public interest to disclose the
38 information required of title insurers or title agencies pursuant to
39 this section. Prior to any such disclosure of confidential
40 information, the director shall provide notice and opportunity to be
41 heard to the title insurers and title agencies who would be affected
42 thereby.]

2 [381.035. No title insurance company, title agency or title
3 agent shall willfully withhold information from, or knowingly give
4 false or misleading information to the director, or to any title
5 insurance rating organization, of which the title insurance company
6 is a member or subscriber, which will affect the rates or fees
7 chargeable pursuant to this chapter. Each violation of this section
 is a class A violation as that term is defined in section 381.045.]

2 [381.038. 1. Evidence of the examination of title and
3 determination of insurability generated by a title insurer engaged
4 in direct operations, title agency or title agent shall be preserved
5 and maintained by such insurer, agency or agent for as long as
6 appropriate to the circumstances but in no event less than fifteen
7 years after the title insurance policy has been issued.

2 2. Records relating to escrow and security deposits shall be
3 preserved and retained by a title insurer engaged in direct
4 operations, title agency and title agent for as long as appropriate
5 to the circumstances but in no event less than five years after the
6 escrow or security deposit account has been closed.

2 3. This section shall not apply to a title insurer acting as
3 coinsurer if one of the other coinsurers has complied with this
4 section.

2 4. Each violation of any provision of this section is a class
3 C violation as that term is defined in section 381.045.]

2 [381.041. 1. No person other than a domestic, foreign, or
3 alien title insurer organized on the stock plan and duly licensed by
4 the director shall transact title insurance business as an insurer in
5 this state.

2 2. Each title insurer may engage in the title insurance
3 business in this state if licensed to do so by the director and
4 provide any other service related or incidental to the sale and
5 transfer or financing of property.

2 3. A title insurer shall maintain a minimum paid-in capital
3 of not less than four hundred thousand dollars and, in addition,
4 paid-in initial surplus of at least four hundred thousand dollars.]

2 [381.042. 1. The director may issue rules, regulations and
3 orders necessary to carry out the provisions of this chapter.

3 2. No rule or portion of a rule promulgated pursuant to the
4 authority of this chapter shall become effective unless it has been
5 promulgated pursuant to the provisions of chapter 536, RSMo.]

 [381.045. 1. If the director determines that the title insurer
2 or any other person has violated this chapter, or any regulation or
3 order promulgated thereunder, after notice and opportunity to be
4 heard, the director may order:

5 (1) For each violation a monetary penalty which shall take
6 into account the harm the violation caused or could have caused or
7 potential harm to the public and which shall not exceed:

8 (a) One thousand dollars per violation for a class A
9 violation;

10 (b) Five hundred dollars per violation for a class B
11 violation; and

12 (c) One hundred dollars per violation for a class C violation;

13 (2) Revocation or suspension of the title insurer's license;
14 or

15 (3) Both monetary penalty and revocation or suspension.

16 2. Nothing contained in this section shall affect the right of
17 the director to impose any other penalties provided for in the
18 insurance code.

19 3. Nothing contained in this chapter is intended to or shall
20 in any other manner limit or restrict the rights of policyholders,
21 claimants and creditors.]

 [381.048. The director may bring an action in a court of
2 competent jurisdiction to enjoin violations of the Real Estate
3 Settlement Procedures Act, 12 U.S.C. Section 2607, as amended.]

 [381.051. 1. A title insurer, before issuing any title
2 insurance policy covering property located in this state, shall
3 deposit with the director of the department of insurance,
4 hereinafter referred to as the director, a sum of four hundred
5 thousand dollars, which shall be held for the security and
6 protection of the holders or beneficiaries under its title insurance
7 policies.

8 2. Assets deposited pursuant to this section may, with the
9 approval of the director, be exchanged from time to time for other

10 assets that qualify under subsection 3 of this section.

11 3. The depositing title insurer shall receive the income,
12 interests, and dividends on any assets deposited. The deposit
13 required under this section may be made in legal tender or in
14 investments now or hereafter permitted to domestic life insurers
15 with regard to their capital, reserve and surplus. For capital and
16 reserve deposits, sums deposited pursuant to this section shall be
17 valued at their market value.

18 4. A title insurer that has deposited assets pursuant to this
19 section may, with the approval of the director, withdraw any part
20 of the assets so deposited. If any such title insurer continues to
21 engage in the business of title insurance, it shall not be permitted
22 to withdraw assets that would reduce the amount of its deposits
23 below the amount required by subsection 1 of this section.

24 5. In lieu of such a deposit maintained in this state, the
25 director shall accept a certificate or certificates in proper form of
26 the public officer or officers having general supervision of title
27 insurers in its state of domicile to the effect that a deposit or total
28 deposits, in an equal or greater amount, in classes of investment
29 authorized in such state, are being maintained for like purposes in
30 public custody or control pursuant to the laws of such state on
31 behalf of the title insurer.

32 6. If sections 381.011 to 381.241 require a greater amount
33 of capital and surplus or deposits than that required of a title
34 insurer prior to September 28, 1987, such title insurer shall have
35 three years after September 28, 1987, to comply with any such
36 increased requirement.

37 7. The provisions of sections 375.950 to 375.990, RSMo,
38 shall apply to the impairment of capital, liquidation, and
39 rehabilitation of title insurers.]

[381.052. No person other than a domestic, foreign or
2 non-United States title insurer organized on the stock plan and
3 duly licensed by the director shall transact title insurance business
4 as an insurer in this state.]

[381.055. Subject to the exceptions and restrictions
2 contained in this chapter, a title insurer shall have the power to:

3 (1) Do only title insurance business;
4 (2) Reinsure title insurance policies; and
5 (3) Perform ancillary activities, unless prohibited by the
6 director, including examining titles to real property and any
7 interest in real property and procuring and furnishing related
8 information and information about relevant personal property,
9 when not in contemplation of, or in conjunction with, the issuance
10 of a title insurance policy.]

[381.058. 1. No insurer that transacts any class, type or
2 kind of business other than title insurance shall be eligible for the
3 issuance or renewal of a license to transact the business of title
4 insurance in this state nor shall title insurance be transacted,
5 underwritten or issued by any insurer transacting or licensed to
6 transact any other class, type or kind of business.

7 2. A title insurer shall not engage in the business of
8 guaranteeing payment of the principal or the interest of bonds or
9 mortgages.

10 3. (1) Notwithstanding subsection 1 of this section, and to
11 the extent such coverage is lawful within this state, a title insurer
12 is expressly authorized to issue closing or settlement protection to
13 a proposed insured upon request if the title insurer issues a
14 commitment, binder or title insurance policy. Such closing or
15 settlement protection shall conform to the terms of coverage and
16 form of instrument as required by the director and may indemnify
17 a proposed insured solely against loss of settlement funds only
18 because of the following acts of a title insurer's named title agency
19 or title agent:

20 (a) Theft of settlement funds; and
21 (b) Failure to comply with written closing instructions by
22 the proposed insured when agreed to by the title agency or title
23 agent relating to title insurance coverage.

24 (2) The director may promulgate or approve a required
25 charge for providing the coverage.

26 (3) A title insurer shall not provide any other coverage
27 which purports to indemnify against improper acts or omissions of
28 a person with regard to escrow, settlement, or closing services.]

1 [381.061. 1. The net retained liability of a title insurer for
2 a single risk on property located in this state, whether assumed
3 directly or as reinsurance, may not exceed fifty percent of the sum
4 of its total surplus to policyholders and unearned premium reserve,
5 less the admitted asset value assigned to title plants, as shown in
6 the most recent annual statement of the title insurer on file in the
7 office of the director.

8 2. The director may waive the limitation of this section for
9 a particular risk upon application of the title insurer and for good
10 cause shown.]

1 [381.062. Before being licensed to do an insurance business
2 in this state, a title insurer shall establish and maintain a
3 minimum paid-in capital of not less than four hundred thousand
4 dollars and, in addition, paid-in initial surplus of at least four
5 hundred thousand dollars.]

1 [381.065. 1. The net retained liability of a title insurer for
2 a single risk in regard to property located in this state, whether
3 assumed directly or as reinsurance, shall not exceed the aggregate
4 of fifty percent of surplus as regards policyholders plus the
5 statutory premium reserve less the company's investment in title
6 plants, all as shown in the most recent annual statement of the
7 insurer on file with the director.

8 2. For purposes of this chapter:

9 (1) A single risk shall be the insured amount of any title
10 insurance policy, except that, where two or more title insurance
11 policies are issued simultaneously covering different estates in the
12 same real property, a single risk shall be the sum of the insured
13 amounts of all the title insurance policies; and

14 (2) A policy under which a claim payment reduces the
15 amount of insurance under one or more other title insurance
16 policies shall be included in computing the single risk sum only to
17 the extent that its amount exceeds the aggregate amount of the
18 policy or policies whose amount of insurance is reduced.

19 3. A title insurer may obtain reinsurance for all or any part
20 of its liability under its title insurance policies or reinsurance
21 agreements and may also reinsure title insurance policies issued

22 by other title insurers on single risks located in this state or
23 elsewhere. Reinsurance on policies issued on properties located in
24 this state may be obtained from any title insurers licensed to
25 transact title insurance business in this state, any other state, or
26 the District of Columbia and which have a combined capital and
27 surplus of at least eight hundred thousand dollars.

28 4. The director may waive the limitation of this section for
29 a particular risk upon application of the title insurer and for good
30 cause shown.]

[381.068. In determining the financial condition of a title
2 insurer doing business pursuant to this chapter, the general
3 investment provisions of sections 376.300 to 376.305, RSMo, shall
4 apply; except that, an investment in a title plant or plants in an
5 amount equal to the actual cost shall be allowed as an admitted
6 asset for title insurers. The aggregate amount of the investment
7 shall not exceed fifty percent of surplus to policyholders, as shown
8 on the most recent annual statement of the title insurer on file
9 with the director.]

[381.072. In determining the financial condition of a title
2 insurer doing business pursuant to this chapter, the general
3 provisions of the insurance code requiring the establishment of
4 reserves sufficient to cover all known and unknown liabilities
5 including allocated and unallocated loss adjustment expense, shall
6 apply; except that, a title insurer shall establish and maintain:

7 (1) (a) A known claim reserve in an amount estimated to
8 be sufficient to cover all unpaid losses, claims and allocated loss
9 adjustment expenses arising under title insurance policies for
10 which the title insurer may be liable, and for which the insurer has
11 discovered or received notice by or on behalf of the insured or
12 escrow or security depositor;

13 (b) Upon receiving notice from or on behalf of the insured
14 of a title defect in or lien or adverse claim against the title of the
15 insured that may result in a loss or cause expense to be incurred
16 in the proper disposition of the claim, the title insurer shall
17 determine the amount to be added to the reserve, which amount
18 shall reflect a careful estimate of the loss or loss expense likely to

19 result by reason of the claim;

20 (c) Reserves required pursuant to this section may be
21 revised from time to time and shall be redetermined at least once
22 each year;

23 (2) A statutory or unearned premium reserve established
24 and maintained as follows:

25 (a) A domestic title insurer shall establish and maintain an
26 unearned premium reserve computed in accordance with this
27 section, and all sums attributed to such reserve shall at all times
28 and for all purposes be considered and constitute unearned
29 portions of the original premiums. This reserve shall be reported
30 as a liability of the title insurer in its financial statements;

31 (b) The unearned premium reserve shall be maintained by
32 the title insurer for the protection of holders of title insurance
33 policies. Except as provided in this section, assets equal in value
34 to the reserve are not subject to distribution among creditors or
35 stockholders of the title insurer until all claims of policyholders or
36 claims under reinsurance contracts have been paid in full, and all
37 liability on the policies or reinsurance contracts has been paid in
38 full and discharged or lawfully reinsured;

39 (c) The unearned premium reserve shall consist of:

40 a. The amount of the unearned premium reserve on
41 January 1, 2001; and

42 b. A sum equal to fifteen cents for each one thousand
43 dollars of net retained liability under each title insurance policy,
44 excluding mortgagee's policies simultaneously issued with owner's
45 policies or owner's leasehold policies of the same or greater
46 amount, on a single risk written on properties located in this state
47 and issued after January 1, 2001;

48 (d) Amounts placed in the unearned premium reserve in
49 any year in accordance with paragraph (c) of this subdivision shall
50 be deducted in determining the net profit of the title insurer for
51 that year;

52 (e) A title insurer shall release from the unearned premium
53 reserve a sum equal to ten percent of the amount added to the
54 reserve during a calendar year on July first of each of the five

55 years following the year in which the sum was added, and shall
56 release from the unearned premium reserve a sum equal to three
57 and one-third percent of the amount added to the reserve during
58 that year on each succeeding July first until the entire amount for
59 that year has been released. The amount of the unearned premium
60 reserve or similar unearned premium reserve maintained before
61 January 1, 2001, shall be released in accordance with the law in
62 effect immediately before January 1, 2001;

63 (f) a. Each domestic and foreign title insurer shall file
64 annually with the audited financial report required pursuant to
65 section 375.1032, RSMo, an actuarial certificate made by a member
66 in good standing of the American Academy of Actuaries, or by an
67 actuary permitted to make such certificate by the commissioner,
68 superintendent or director of the department of insurance of the
69 state of incorporation of a foreign title insurer;

70 b. The actuarial certification shall conform to the annual
71 statement instructions for title insurers adopted by the National
72 Association of Insurance Commissioners and shall include the
73 actuary's professional opinion of the insurer's reserves as of the
74 date of the annual statement. The reserves analyzed pursuant to
75 this section shall include reserves for known claims, including
76 adverse developments on known claims, and reserves for incurred
77 but not reported claims;

78 (g) a. Each domestic and foreign title insurer shall
79 establish a supplemental reserve in the amount by which the
80 actuarially certified reserves exceed the total of the known claim
81 reserve and statutory premium reserve as set forth in the title
82 insurer's annual financial report, subject to this subdivision;

83 b. The supplemental reserve required pursuant to this
84 section shall be phased in as follows:

85 i. Twenty-five percent of the otherwise applicable
86 supplemental reserve is required until December thirty-first of the
87 year next following January 1, 2001;

88 ii. Fifty percent of the otherwise applicable supplemental
89 reserve is required until December thirty-first of the second year
90 following January 1, 2001;

91 iii. Seventy-five percent of the otherwise applicable
92 supplemental reserve is required until December thirty-first of the
93 third year following January 1, 2001;

94 iv. One hundred percent of the supplemental reserve is
95 required after December thirty-first of the fourth year following
96 January 1, 2001.]

 [381.075. 1. Sections 375.570 to 375.750, RSMo, and
2 sections 375.1150 to 375.1246, RSMo, shall apply to all title
3 insurers subject to the title insurance act, except as otherwise
4 provided in this section. In applying such sections, the court shall
5 consider the unique aspects of title insurance and shall have broad
6 authority to fashion relief that provides for the maximum
7 protection of the title insurance policyholders.

8 2. Security and escrow funds held by or on behalf of the
9 title insurer shall not become general assets and shall be
10 administered as secured claims as defined in section 375.1152,
11 RSMo.

12 3. Title insurance policies that are in force at the time an
13 order of liquidation is entered shall not be canceled except upon a
14 showing to the court of good cause by the liquidator. The
15 determination of good cause shall be within the discretion of the
16 court. In making this determination, the court shall consider the
17 unique aspects of title insurance and all other relevant
18 circumstances.

19 4. The court may set appropriate dates that potential
20 claimants must file their claims with the liquidator. The court may
21 set different dates for claims based upon the title insurance policy
22 than for all other claims. In setting dates, the court shall consider
23 the unique aspects of title insurance and all other relevant
24 circumstances.

25 5. As of the date of the order of insolvency or liquidation,
26 all premiums paid, due or to become due under policies of the title
27 insurers, shall be fully earned. It shall be the obligation of title
28 agencies, title agents, insureds or representatives of the title
29 insurer to pay fully earned premium to the liquidator or
30 rehabilitator.]

2 [381.078. A title insurer shall only declare or distribute a
3 dividend to shareholders with the prior written approval of the
4 director, as would be permitted pursuant to subdivision (1) of
5 subsection 1 of section 382.210, RSMo.]

2 [381.081. 1. A domestic title insurer shall establish and
3 maintain an unearned premium reserve computed in accordance
4 with this section, and all sums attributed to such reserve shall at
5 all times and for all purposes be considered and constitute
6 unearned portions of the original premiums. This reserve shall be
7 reported as a liability of the title insurer in its financial
8 statements.

9 2. The unearned premium reserve shall be maintained by
10 the title insurer for the protection of holders of title insurance
11 policies. Except as provided in this section, assets equal in value
12 to the reserve are not subject to distribution among creditors or
13 stockholders of the title insurer until all claims of policyholders or
14 claims under reinsurance contracts have been paid in full, and all
15 liability on the policies or reinsurance contracts has been paid in
16 full and discharged or lawfully reinsured.

17 3. A foreign or alien title insurer licensed to transact title
18 insurance business in this state shall maintain at least the same
19 reserves on title insurance policies issued on properties located in
20 this state as are required of domestic title insurers, unless the laws
21 of the jurisdiction of domicile of the foreign or alien title insurer
22 require a higher amount.

23 4. The unearned premium reserve shall consist of:

24 (1) The amount of the unearned premium reserve on
25 September 28, 1987; and

26 (2) A sum equal to fifteen cents for each one thousand
27 dollars of net retained liability under each title insurance policy,
28 excluding mortgagee's policies simultaneously issued with owner's
29 policies or owner's leasehold policies of the same or greater
30 amount, on a single risk written on properties located in this state
31 and issued after September 28, 1987.

32 5. Amounts placed in the unearned premium reserve in any
year in accordance with subdivision (2) of subsection 4 of this

33 section shall be deducted in determining the net profit of the title
34 insurer for that year.

35 6. A title insurer shall release from the unearned premium
36 reserve a sum equal to ten percent of the amount added to the
37 reserve during a calendar year on July first of each of the five
38 years following the year in which the sum was added, and shall
39 release from the unearned premium reserve a sum equal to three
40 and one-third percent of the amount added to the reserve during
41 that year on each succeeding July first until the entire amount for
42 that year has been released. The amount of the unearned premium
43 reserve or similar unearned premium reserve maintained before
44 September 28, 1987, shall be released in accordance with the law
45 in effect immediately before September 28, 1987.]

[381.085. 1. A title insurer or authorized rate service
2 organization shall not deliver or issue for delivery or permit any of
3 its authorized title agencies or title agents to deliver in this state,
4 any form, in connection with title insurance written, unless it has
5 been filed with the director and approved by the director or thirty
6 days have elapsed and it has not been disapproved as misleading
7 or violative of public policy. Each violation of this subsection is a
8 class C violation as that term is defined in section 381.045.

9 2. Forms covered by this section shall include:

10 (1) Title insurance policies, including standard form
11 endorsements; and

12 (2) Title insurance commitments issued prior to the
13 issuance of a title insurance policy.

14 3. After notice and opportunity to be heard are given to the
15 insurer or rate service organization which submitted a form for
16 approval, the director may withdraw approval of the form on
17 finding that the use of the form is contrary to the legal
18 requirements applicable at the time of withdrawal. The effective
19 date of withdrawal of approval shall not be less than ninety days
20 after notice of withdrawal is given.

21 4. Any term or condition related to an insurance coverage
22 provided by an approved title insurance policy or any exception to
23 the coverage, except those ascertained from a search and

24 examination of records relating to a title or inspection or survey of
25 a property to be insured, may only be included in the policy after
26 the term, condition or exception has been filed with the director
27 and approved as herein provided.]

[381.088. 1. A title insurer may satisfy its obligation to file
2 premium rates, rating manuals and forms as required by this
3 chapter by becoming a member of, or a subscriber to, a rate service
4 organization, organized and licensed pursuant to the provisions of
5 this chapter, where the organization makes the filings, and by
6 authorizing the director in writing to accept the filings on the
7 insurer's behalf.

8 2. Nothing in this chapter shall be construed as requiring
9 any title insurer, title agency or title agent to become a member of,
10 or a subscriber to, any rate service organization. Nothing in this
11 chapter shall be construed as prohibiting the filing of deviations
12 from rate service organization filings by any member or
13 subscriber.]

[381.091. 1. If a domestic title insurer becomes insolvent,
2 is in the process of liquidation or dissolution, or is in the
3 possession of the director:

4 (1) Such amount of the assets of such title insurer equal to
5 the unearned premium reserve then remaining may be used by or
6 with the written approval of the director to pay for reinsurance of
7 the liability of such title insurer upon all outstanding title
8 insurance policies or reinsurance agreements to the extent to which
9 claims for losses by the holders thereof are not then pending. The
10 balance of assets, if any, equal to the unearned premium reserve,
11 may then be transferred to the general assets of the title insurer;

12 (2) The net assets of the unearned premium reserve shall
13 be available to pay claims for losses sustained by holders of title
14 insurance policies then pending or arising up to the time
15 reinsurance is effected. If claims for losses exceed such other
16 assets of the title insurer, such claims, when established, shall be
17 paid pro rata out of the surplus assets attributable to the unearned
18 premium reserve to the extent of such surplus, if any.

19 2. If reinsurance is not obtained, assets equal to the

20 unearned premium reserve and assets constituting minimum
21 capital, or so much as remains thereof after outstanding claims
22 have been paid, shall constitute a trust fund to be held and
23 invested by the director for twenty years, out of which claims of
24 policyholders shall be paid as they arise. The balance, if any, of
25 the trust fund shall, at the expiration of twenty years, revert to the
26 general assets of the title insurer.]

[381.092. 1. Every title insurer that shall propose its own
2 premium rates and every title insurance rating organization shall
3 propose premium rates that are not excessive nor inadequate for
4 the safety and soundness of any title insurer, which do not unfairly
5 discriminate between risks in this state which involve essentially
6 the same exposure to loss and expense elements, and which shall
7 give due consideration to the following matters:

8 (1) The desirability for stability and responsiveness of rate
9 structures;

10 (2) The necessity of assuring the financial solvency of title
11 insurance companies in periods of economic depression;

12 (3) The necessity for paying dividends on the capital stock
13 of title insurance companies sufficient to induce capital to be
14 invested therein; and

15 (4) A reasonable level of profit for the insurer.

16 2. Every title insurer that shall propose its own rates and
17 every title insurance rating organization may adopt basic
18 classifications of policies or contracts of title insurance which shall
19 be used as the basis for rates.]

[381.095. 1. If the director shall find in his review of rate
2 filings that the filings provide for, result in, or produce rates that
3 are not unreasonably high, and are not inadequate for the safeness
4 and soundness of the insurer, and are not unfairly discriminatory
5 between risks in this state involving essentially the same hazards
6 and expense elements, the director shall approve such rates. Prior
7 to such approval the director may conduct a public hearing with
8 respect to a rate filing. An approval shall continue in effect until
9 the director shall issue an order of disapproval pursuant to the
10 requirements and procedure provided for in subsections 2 and 3 of

11 this section.

12 2. Upon the review at any time by the director of a rate
13 filing, the director shall, before issuing an order of disapproval,
14 hold a hearing upon not less than ten days' written notice,
15 specifying in reasonable detail the matters to be considered at such
16 hearing, to every title insurer and title insurance rating
17 organization which made such filing, and if, after such hearing, the
18 director finds that such filing or a part thereof does not meet the
19 requirements of this chapter, the director shall issue an order
20 specifying in what respects the director finds that it so fails, and
21 stating when, within a reasonable period thereafter, such filing or
22 a part thereof shall be deemed no longer effective. A title insurer
23 or title insurance rating organization shall have the right at any
24 time to withdraw a filing or a part thereof, subject to the provisions
25 of section 381.102, in the case of deviation filing. Copies of the
26 order shall be sent to every title insurer and title insurance rating
27 organization affected. The order shall not affect any contract or
28 policy made or issued prior to the expiration of the period set forth
29 in the order.

30 3. Any person or organization aggrieved with respect to any
31 filing which is in effect may make written application to the
32 director for a hearing thereon. The title insurance company or title
33 insurance rating organization that made the filing shall not be
34 authorized to proceed pursuant to this subsection. Such
35 application shall specify in reasonable detail the grounds to be
36 relied upon by the applicant. If the director shall find that the
37 application is made in good faith, that the applicant would be so
38 aggrieved if his or her grounds are established, and that such
39 grounds otherwise justify holding such a hearing, the director
40 shall, within thirty days after receipt of such application, hold a
41 hearing upon not less than ten days' written notice to the applicant
42 and to every title insurance company and title insurance rating
43 organization which made such a filing. If, after such hearing, the
44 director finds that the filing or a part thereof does not meet the
45 requirements of this chapter, the director shall issue an order
46 specifying in what respects the director finds that such filing or a

47 part thereof fails to meet the requirements of this chapter, stating
48 when within a reasonable period thereafter, such filing or a part
49 thereof shall be deemed no longer effective. Copies of such order
50 shall be sent to the applicant and to every such title insurer and
51 title insurance rating organization. The order shall not affect any
52 contract or policy made or issued prior to the expiration of the
53 period set forth in the order.]

[381.098. 1. A corporation, an unincorporated association,
2 a partnership or an individual, whether located within or outside
3 this state, may make application to the director for license as a
4 rating organization for title insurers, and shall file therewith:

5 (1) A copy of its constitution, its articles of agreement or
6 association or its certificate of incorporation, and of its bylaws,
7 rules and regulations governing the conduct of its business;

8 (2) A list of its members and subscribers;

9 (3) The name and address of a resident of this state upon
10 whom notices or orders of the director or process affecting such
11 rating organization may be served; and

12 (4) A statement of its qualifications as a title insurance
13 rating organization.

14 2. If the director finds that the applicant is competent,
15 trustworthy and otherwise qualified to act as a rating organization,
16 and that its constitution, articles of agreement or association or
17 certificate of incorporation, and its bylaws, rules and regulations
18 governing the conduct of its business, conform to requirements of
19 law, the director shall issue a license authorizing the applicant to
20 act as a rating organization for title insurance. Licenses issued
21 pursuant to this section shall remain in effect for three years
22 unless sooner suspended or revoked by the director or withdrawn
23 by the licensee. The fee for such license shall be one thousand five
24 hundred dollars. Licenses issued pursuant to this section may be
25 suspended or revoked by the director, after hearing upon notice, in
26 the event the rating organization ceases to meet the requirements
27 of this subsection. Every rating organization shall notify the
28 director promptly of every change in:

29 (1) Its constitution, its articles of agreement or association

30 or its certificate of incorporation, and its bylaws, rules and
31 regulations governing the conduct of its business;

32 (2) Its list of members and subscribers; and

33 (3) The name and address of the resident of this state
34 designated by it upon whom notices or orders of the director or
35 process affecting such rating organization may be served.

36 3. Subject to rules and regulations which have been
37 approved by the director as reasonable, each title insurance rating
38 organization shall permit any title insurance company not a
39 member to be a subscriber to its rating services. Notices of
40 proposed changes in such rules and regulations shall be given to
41 subscribers. Each such rating organization shall furnish its rating
42 services without discrimination to its members and
43 subscribers. The reasonableness of any rule or regulation in its
44 application to subscribers, or the refusal of any such rating
45 organization to admit a title insurance company as a subscriber,
46 shall at the request of any subscriber or any such title insurance
47 company, be reviewed by the director at a hearing held upon at
48 least ten days' written notice to such rating organization and to
49 such subscriber. If the director finds that such rule or regulation
50 is unreasonable in its application to subscribers, the director shall
51 order that such rule or regulation shall not be applicable to
52 subscribers. If the rating organization fails to grant or reject an
53 application of a title insurance company for subscribership within
54 thirty days after it was made, the title insurance company may
55 request a review by the director as if the application had been
56 rejected. If the director finds that the title insurance company has
57 been refused admittance to the title insurance rating organization
58 as a subscriber without justification, the director shall order such
59 rating organization to admit the title insurance company as a
60 subscriber. If the director finds that the action of the title
61 insurance rating organization was justified, the director shall make
62 an order affirming its action.]

[381.101. 1. All title insurers licensed in this state shall
2 establish and maintain reserves against unpaid losses and loss
3 expenses.

4 2. Upon receiving notice from or on behalf of the insured of
5 a title defect in or lien or adverse claim against the title of the
6 insured that may result in a loss or cause expense to be incurred
7 in the proper disposition of the claim, the title insurer shall
8 determine the amount to be added to the reserve, which amount
9 shall reflect a careful estimate of the loss or loss expense likely to
10 result by reason of the claim.

11 3. Reserves required under this section may be revised from
12 time to time and shall be redetermined at least once each year.]

 [381.102. Every member of or subscriber to a title insurance
2 rating organization shall adhere to the filings made on its behalf
3 by such organization, except that any title insurance company
4 which is a member of or subscriber to such a rating organization
5 may file with the director a uniform percentage of decrease or
6 increase to be applied to any or all elements of the fees produced
7 by the rating system so filed for a class of title insurance which is
8 found by the director to be a proper rating unit for the application
9 of such uniform decrease or increase, or to be applied to the rates
10 for a particular area, or otherwise deviate from the rating plans,
11 policy forms or other matters which are the subject of filings
12 pursuant to this chapter. Such deviation filing shall specify the
13 basis for the modification and shall be accompanied by the data or
14 historical pattern upon which the applicant relies. A copy of the
15 deviation filing and data shall be sent simultaneously to such
16 rating organization. Deviation filings shall be subject to the
17 provisions of section 381.095.]

 [381.105. 1. Any member of or subscriber to a title
2 insurance rating organization may appeal to the director from any
3 action or decision of such rating organization in approving or
4 rejecting any proposed change in or addition to the filings of such
5 rating organization, and the director shall, after a hearing held
6 upon not less than ten days' written notice to the appellant and to
7 such rating organization, issue an order approving the action or
8 decision of such rating organization or directing it to give further
9 consideration to such proposal and to take action or make a
10 decision upon it within thirty days. If such appeal is from the

11 action or decision of the title insurance rating organization in
12 rejecting a proposed addition to its filings, the director may, in the
13 event the director finds that such action or decision was
14 unreasonable, issue an order directing the rating organization to
15 make an addition to its filings, on behalf of its members and
16 subscribers, in a manner consistent with the director's findings,
17 within a reasonable time after the issuance of such order. If the
18 appeal is from the action of the title insurance rating organization
19 with regard to a rate or a proposed change in or addition to its
20 filings relating to the character and extent of coverage, the director
21 shall approve the action of the rating organization or such
22 modification thereof as shall have been suggested by the appellant
23 if either be made in accordance with this chapter.

24 2. The failure of a title insurance rating organization to
25 take action or make a decision within thirty days after submission
26 to it of a proposal pursuant to this section shall constitute a
27 rejection of such proposal within the meaning of this section. If
28 such appeal is based upon the failure of the rating organization to
29 make a filing on behalf of such member or subscriber which is
30 based on a system of expense allocation which differs from the
31 system of expense allocation included in a filing made by such
32 rating organization, the director shall, if the director grants the
33 appeal, order the rating organization to make the requested filing
34 for use by the appellant. In deciding such appeal, the director
35 shall apply the standards set forth in section 381.032.]

[381.108. 1. The director shall promulgate reasonable rules
2 and statistical plans, reasonably adapted to each of the rating
3 systems on file with the department, which may be modified from
4 time to time, and which shall be used thereafter by each title
5 insurer in the recording and reporting of the composition of its
6 business, its loss and countrywide expense experience and those of
7 its title insurance underwriters in order that the experience of all
8 title insurers may be made available, at least annually, in such
9 form and detail as may be necessary to aid him or her in
10 determining whether rating systems comply with the standards set
11 forth in this chapter. Such rules and plans may also provide for

12 the recording of expense experience items which are specially
13 applicable to this state and are not susceptible of determination by
14 a prorating of countrywide expense experience. In promulgating
15 such rules and plans, the director shall give due consideration to
16 the rating systems on file with the department, and in order that
17 such rules and plans may be as uniform as is practicable among
18 the several states, to the rules and to the form of the plans used for
19 such rating systems in other states. Such rules and plans shall not
20 place an unreasonable burden of expense on any title insurer. No
21 title insurer shall be required to record or report its expense and
22 loss experience on a classification basis that is inconsistent with
23 the rating system filed by it, nor shall any title insurer be required
24 to report the experience to any agency of which it is not a member
25 or subscriber. The director may designate one or more rating
26 organizations or other agencies to assist the director in gathering
27 such experience and making compilations thereof, and such
28 compilations shall be made available, subject to reasonable rules
29 promulgated by the director, to title insurers and rating
30 organizations. The director shall give preference in such
31 designation to entities organized by and functioning on behalf of
32 title insurers operating in this state. If the director, in his or her
33 judgment, determines that one or more of such organizations
34 designated as statistical agents is unable or unwilling to perform
35 its statistical functions according to reasonable requirements
36 established from time to time by the director, he or she may, after
37 consultation with such statistical agent and upon twenty days'
38 notice to any affected companies, designate another person to act
39 on the director's behalf in the gathering of statistical
40 experience. The director shall in such case establish the fee to be
41 paid to such designated person by the affected companies in order
42 to pay the total cost of gathering and compiling such
43 experience. Agencies designated by the director shall assist the
44 director in making compilations of the reported data and such
45 compilations shall be made available, subject to reasonable rules
46 and regulations promulgated by the director, to insurers, rating
47 organizations and any other interested parties.

48 2. Reasonable rules and plans may be promulgated by the
49 director for the interchange of data necessary for the application of
50 rating plans.

51 3. In order to further uniform administration of rate
52 regulatory laws, the director and every title insurer and rating
53 organization may exchange information and experience data with
54 insurance supervisory officials, title insurers and rating
55 organizations in other states, and may consult with them with
56 respect to rate making and the application of rating systems.

57 4. No rule or portion of a rule promulgated pursuant to the
58 authority of this section shall become effective unless it has been
59 promulgated pursuant to the provisions of chapter 536, RSMo.]

 [381.111. A title insurer may obtain reinsurance for all or
2 any part of its liability under its title insurance policies or
3 reinsurance agreements and may also reinsure title insurance
4 policies issued by other title insurers on single risks located in this
5 state or elsewhere. Reinsurance on policies issued on properties
6 located in this state may be obtained from any title insurers
7 licensed to transact title insurance business in this state, any other
8 state, or the District of Columbia and which have a combined
9 capital and surplus of at least eight hundred thousand dollars.]

 [381.112. For purposes of the premium tax imposed by
2 sections 148.320 and 148.340, RSMo, the premium income received
3 by a title insurer shall mean the amount of premium actually
4 remitted to the title insurer and shall exclude any amount of
5 premium retained by the title agent within the definition of
6 "premium" contained in section 381.009.]

 [381.115. 1. A person shall not act in the capacity of a title
2 agency or title agent and a title insurer may not contract with any
3 person to act in the capacity of a title agency or title agent with
4 respect to risks located in this state unless the person is a licensed
5 title agency or title agent in this state.

6 2. An individual employed by a licensed title agency or title
7 agent to whom the agency or agent delegates authority to act on
8 that agency's or agent's behalf shall be either individually licensed
9 or be named on the employing agent's license if such employee

10 performs any of the functions defined in paragraph (a) of
11 subdivision (25) of section 381.009. Each person named on the
12 license shall possess all qualifications determined by the director
13 to be appropriate. The director may adopt rules, regulations, and
14 requirements relating to licensing and practices of persons acting
15 in the capacity of title agencies or agents. These persons may
16 include title agencies, title agents, employees of either, and persons
17 acting on behalf of title agencies or title agents. This subsection is
18 not intended to include persons performing clerical functions.

19 3. Every title agency licensed in this state shall:

20 (1) Exclude or eliminate the word insurer or underwriter
21 from its business name, unless the word agency is also included as
22 part of the name; and

23 (2) Provide, in a timely fashion, each title insurer with
24 which it places business any information the title insurer requests
25 in order to comply with reporting requirements of the director.

26 4. A title agency or title agent licensed in this state prior
27 to the effective date of this chapter shall have ninety days after the
28 effective date of this chapter to comply with the requirements of
29 this section.

30 5. If the title agency or title agent delegates the title search
31 to a third party, such as an abstract company, the agency or agent
32 must first obtain proof that the third party is operating in
33 compliance with rules and regulations established by the director
34 and the third party shall provide the agency or agent and the
35 insurer with access to and the right to copy all accounts and
36 records maintained by the third party with respect to business
37 placed with the title insurer. Proof from the third party may
38 consist of a signed statement indicating compliance, and shall be
39 effective for a three-year period. Each violation of this subsection
40 is a class C violation as that term is defined in section 381.045.]

2 [381.118. 1. Each title agent licensed to sell title insurance
3 in this state, unless exempt pursuant to subsection 8 of this
4 section, shall successfully complete courses of study as required by
5 this section. Any person licensed to act as a title agent shall,
during each two years, attend courses or programs of instruction or

6 attend seminars equivalent to a minimum of eight hours of
7 instruction. The initial such two-year period shall begin January
8 first of the year next following the effective date of this chapter.

9 2. Subject to approval by the director, the courses or
10 programs of instruction which shall be deemed to meet the
11 director's standards for continuing educational requirements shall
12 include, but not be limited to, the following:

13 (1) An insurance-related course taught by an accredited
14 college or university or qualified instructor who has taught a
15 course of insurance law at such institution;

16 (2) A course or program of instruction or seminar developed
17 or sponsored by any authorized insurer, recognized agents'
18 association or insurance trade association. A local agents' group
19 may also be approved if the instructor receives no compensation for
20 services;

21 (3) Courses approved for continuing legal education credit
22 by the Missouri Bar.

23 3. A person teaching any approved course of instruction or
24 lecturing at any approved seminar shall qualify for the same
25 number of classroom hours as would be granted to a person taking
26 and successfully completing such course, seminar or program.

27 4. Excess classroom hours accumulated during any two-year
28 period may be carried forward to the two-year period immediately
29 following the two- year period in which the course, program or
30 seminar was held.

31 5. For good cause shown, the director may grant an
32 extension of time during which the educational requirements
33 imposed by this section may be completed, but such extension of
34 time shall not exceed the period of one calendar year. The director
35 may grant an individual waiver of the mandatory continuing
36 education requirement upon a showing by the licensee that it is not
37 feasible for the licensee to satisfy the requirements prior to the
38 renewal date. Waivers may be granted for reasons including, but
39 not limited to:

40 (1) Serious physical injury or illness;

41 (2) Active duty in the armed services for an extended period

42 of time;

43 (3) Residence outside the United States; or

44 (4) Licensee is at least seventy years of age and is currently
45 licensed as a title agent.

46 6. Every person subject to the provisions of this section
47 shall furnish in a form satisfactory to the director, written
48 certification as to the courses, programs, or seminars of instruction
49 taken and successfully completed by such person. A filing fee shall
50 be paid by the person furnishing the report as determined by the
51 director to be necessary to cover the administrative cost related to
52 the handling of such certification reports, subject to the limitations
53 imposed in subsection 9 of this section.

54 7. The provisions of this section shall not apply to those
55 natural persons holding or applying for a license to act as a title
56 agent in Missouri who reside in a state that has enacted and
57 implemented a mandatory continuing education law or regulation
58 pertaining to title agents. However, those natural persons holding
59 or applying for a Missouri agent license who reside in states which
60 have no mandatory continuing education law or regulations shall
61 be subject to all the provisions of this section to the same extent as
62 resident Missouri title agents.

63 8. Rules necessary to implement and administer this
64 section shall be promulgated by the director of the department of
65 insurance, including, but not limited to, rules regarding the
66 following:

67 (1) The insurance advisory board established by section
68 375.019, RSMo, shall be utilized by the director to assist the
69 director in determining acceptable content of courses, programs and
70 seminars to include classroom equivalency;

71 (2) Every applicant seeking approval by the director of a
72 continuing education course pursuant to this section shall pay to
73 the director a filing fee of fifty dollars per course, except that such
74 total fee shall not exceed two hundred fifty dollars per year for any
75 single applicant. Fees shall be waived for local agents' groups if
76 the instructor receives no compensation for services. Such fee shall
77 accompany any application form required by the director. Courses

78 shall be approved for a period of no more than one
79 year. Applicants holding courses intended to be offered for a longer
80 period must reapply for approval;

81 (3) The director has the authority to determine the amount
82 of the filing fee to be paid by title agents at the time of license
83 renewal, which shall be set at an amount to produce revenue which
84 shall not substantially exceed the cost of administering this
85 section, but in no event shall such fee exceed ten dollars per
86 biennial report filed.

87 9. All funds received pursuant to the provisions of this
88 section shall be transmitted by the director of the department of
89 insurance to the department of revenue for deposit in the state
90 treasury to the credit of the department of insurance dedicated
91 fund. All expenditures necessitated by this section shall be paid
92 from funds appropriated from the department of insurance
93 dedicated fund by the legislature.

94 10. When a title agent pays his or her biennial renewal fee,
95 such agent shall also furnish the written certification and filing fee
96 required by this section.

97 11. No rule or portion of a rule promulgated pursuant to the
98 authority of this section shall become effective unless it has been
99 promulgated pursuant to the provisions of chapter 536, RSMo.]

2 [381.121. 1. The deposit required by section 381.051 and
3 the capital, surplus and unearned premium reserve of domestic
4 title insurers shall be held in either cash or investments now or
5 hereafter permitted to domestic life insurers with regard to their
6 capital, reserve and surplus for reserve deposit.

7 2. A domestic title insurer may invest in title plants. For
8 purposes of determining the financial condition of such title
9 insurer, title plants will be treated as an asset valued at actual
10 cost to the title insurer, not to exceed fifty percent of the surplus
11 as to policyholders as shown on the most recent annual statement
12 of the title insurer.

13 3. Any investment of a domestic title insurer acquired
14 before September 28, 1987, and which under such sections, would
be considered ineligible as an investment on that date, shall be

15 disposed of within five years of September 28, 1987. The director,
16 upon application and proof that forced sale of any such investment
17 would be contrary to the best interests of the title insurer or its
18 policyholders, may extend the period for disposal of the investment
19 for a reasonable time.]

[381.122. The director may during normal business hours
2 examine, audit and inspect any and all books and records
3 maintained by a title agency pursuant to this chapter.]

[381.125. 1. Whenever the business to be written
2 constitutes affiliated business, prior to commencing the
3 transaction, the title agency or title agent shall ensure that its
4 customer has been provided with disclosure of the existence of the
5 affiliated business arrangement and a written estimate of the
6 charge or range of charges generally made for the title services
7 provided by the title agency or agent.

8 2. The director may establish rules for use by all title
9 agencies in the recording and reporting of the agency's owners and
10 of the agency's ownership interests in other persons or businesses
11 and of material transactions between the parties.

12 3. The director may require each title agency to file on
13 forms prescribed by the director reports setting forth the names
14 and addresses of those persons, if any, that have a financial
15 interest in the agency and who the agency knows or has reason to
16 believe are producers of title insurance business or associates of
17 producers.

18 4. Nothing in this chapter shall be construed as prohibiting
19 affiliated business arrangements in the provision of title insurance
20 business so long as:

21 (1) The title agency, title agent or party making a referral
22 constituting affiliated business, at or prior to the time of the
23 referral, discloses the arrangement and, in connection with the
24 referral, provides the person being referred with a written estimate
25 of the charge or range of charges likely to be assessed and
26 otherwise complies with the disclosure obligations of this section;

27 (2) The person being referred is not required to use a
28 specified title insurance agency, agent or insurer; and

29 (3) The only thing of value that is received by the title
30 agency, title agent or party making the referral, other than
31 payments otherwise permitted, is a return on an ownership
32 interest.

33 For purposes of this subsection, the terms "required use" and
34 "return on an ownership interest" shall have the meaning accorded
35 to them under the Real Estate Settlement Procedures Act (RESPA),
36 12 U.S.C. Section 2607, as amended and Regulation X, 24 CFR
37 Section 3500, et seq.

38 5. Each violation of any provision of this section is a class
39 C violation as that term is defined in section 381.045.]

 [381.131. Any person who shall be appointed or who shall
2 act as title insurance agent or agency for any title insurance
3 company within this state, or who shall, as title insurance agent or
4 agency, solicit applications, deliver policies and collect premiums
5 thereon, or who shall receive or collect moneys from any source or
6 on any account whatsoever, as agent or agency, for a title insurance
7 company doing business in this state, shall be held responsible in
8 a trust or fiduciary capacity to the company for any money so
9 collected or received by him for such company.]

 [381.141. 1. No title insurer or title agent or agency shall:

2 (1) Pay, directly or indirectly, to the insured or to any other
3 person any commission, any part of its premiums, fees, or other
4 charges; or any other consideration as inducement or compensation
5 for the referral of title business or for performance of any escrow
6 or other service by the title agent or agency; or

7 (2) Issue any title insurance policy or perform any service
8 in connection with any transaction in which it has paid or intends
9 to pay any commission, rebate or inducement which it knows to be
10 in violation of this section.

11 2. Nothing in this section shall be construed as prohibiting
12 reasonable payments, other than for the referral of title insurance
13 business, for services actually rendered to either a title insurer or
14 a title agent or agency in connection with title insurance business.

15 3. Nothing in sections 381.011 to 381.241 shall prohibit any
16 producer or any associate of a producer from referring title

17 business to any title insurer or title insurance agent or agency of
18 his, her or its choice, and if such producer or associate producer
19 has any financial, franchise, or ownership interest in the title
20 insurer, the title insurance agent or agency, from financial,
21 franchise or ownership interest so long as the purchaser is made
22 aware in writing of the relationship between the producer or
23 associate producer and the title agent or agency.]

[381.151. Nothing in sections 381.011 to 381.241 shall be
2 construed as prohibiting the division of premiums and charges
3 between or among a title insurer and its title agent or agency, two
4 or more title insurers, one or more title insurers and one or more
5 title agents or agencies or two or more title agents or agencies,
6 provided such division of premiums and charges does not
7 constitute:

8 (1) An unlawful rebate or inducement under the provisions
9 of sections 381.011 to 381.241; or

10 (2) Payment of a forwarding fee or finder's fee.]

[381.161. 1. No producer or other person, except the person
2 paying the premium for the title insurance, shall require, directly
3 or indirectly, or through any trustee, director, officer, agent,
4 employee, or affiliate, as a condition, agreement, or understanding
5 to selling or furnishing any other person any loan, or extension
6 thereof, credit, sale, property, contract, lease or service, that such
7 other person shall place, any contract of title insurance of any kind
8 through any particular title agent, agency, or title insurer. No title
9 agent, agency, or title insurer shall knowingly participate in any
10 such prohibited plan or transaction. No person shall fix a price
11 charged for such thing or service, or discount from or rebate upon
12 price, on the condition, agreement, or understanding that any title
13 insurance is to be obtained through a particular agent, agency, or
14 title insurer.

15 2. Any person who violates the provisions of this section, or
16 any title insurer, title agent, or agency who accepts an order for
17 title insurance knowing that it is in violation of the provision of
18 this section shall, in addition to any other action which may be
19 taken by the director, be subject to a fine in an amount equal to

20 five times the premium for the title insurance.]

[381.211. Every title insurer shall file with the director
2 copies of the following forms it proposes to use in this state,
3 including:

4 (1) Title insurance policies;

5 (2) Standard form endorsements; and

6 (3) Preliminary reports, commitments, binders, or any other
7 reports issued prior to the issuance of a title insurance policy.]

[381.221. For purposes of the premium tax imposed by
2 sections 148.320 and 148.340, RSMo, the premium income received
3 by a title insurer shall be one hundred percent of the amounts paid
4 by or on behalf of the insured as "premiums" within the definition
5 of that term contained in sections 381.011 to 381.241.]

[381.231. In addition to any other powers granted under
2 sections 381.011 to 381.241, the director may adopt rules or
3 regulations to protect the interests of the public including, but not
4 limited to, regulations governing sales practices, escrow, collection,
5 settlement, closing procedures, policy coverage standards, rebates
6 and inducements, controlled business, the approval of agency
7 contracts, unfair trade practices and fraud, statistical plans for
8 data collection, consumer education, any other consumer matters,
9 the business of title insurance, or any regulations otherwise
10 implementing or interpreting the provisions of sections 381.011 to
11 381.241. No rule or portion of a rule promulgated under the
12 authority of this chapter shall become effective unless it has been
13 promulgated pursuant to the provisions of section 536.024, RSMo.]

[381.241. 1. The director of insurance or his duly
2 authorized representative may at any time and from time to time,
3 inspect and examine the records, books and accounts of any title
4 insurer, and may require such periodic and special reports from
5 any title insurer, as may be reasonably necessary to enable the
6 director to satisfy himself that such title insurer is complying with
7 the requirements of sections 381.011 to 381.241. No person shall
8 be authorized to inspect and examine the records, books and
9 accounts of any title insurer unless such person has five years
10 experience in the title insurance business. It shall be the duty of

11 the director at least once every four years to make or cause to be
12 made an examination of every title insurer. The reasonable
13 expense of any examination shall be paid by the title insurer.

14 2. The purpose of such examination is to enable the director
15 to ascertain whether there is compliance with the provisions of
16 sections 381.011 to 381.241. If as a result of such examination the
17 director has reason to believe that any rate, rating plan or rating
18 system made or used by an insurer does not meet the standards
19 and provisions of sections 381.011 to 381.241, applicable to it, the
20 director may hold a public hearing. Within a reasonable period of
21 time, which shall be not less than ten days before the date of such
22 hearing, he shall mail written notice specifying the matters to be
23 considered at such hearing to every person, insurer or organization
24 believed by him not to be in compliance with the provisions of
25 sections 381.011 to 381.241.

26 3. If the director, after such hearing, for good cause finds
27 that such rate, rating plan or rating system does not meet the
28 provisions of sections 381.011 to 381.241, he shall issue an order
29 specifying in what respects any such rate, rating plan or rating
30 system fails to meet such provisions, and stating when, within a
31 reasonable period of time, the further use of such rate, rating plan
32 or rating system by the title insurer which is the subject of the
33 examination shall be prohibited. A copy of such order shall be sent
34 to such title insurer.]

2 [381.410. As used in sections 381.410 and 381.412, the
following terms mean:

3 (1) "Cashier's check", a check, however labeled, drawn on
4 the financial institution, which is signed only by an officer or
5 employee of such institution, is a direct obligation of such
6 institution, and is provided to a customer of such institution or
7 acquired from such institution for remittance purposes;

8 (2) "Certified funds", U.S. currency, funds conveyed by a
9 cashier's check, certified check, teller's check, as defined in Federal
10 Reserve Regulations CC, or wire transfers, including written advice
11 from a financial institution that collected funds have been credited
12 to the settlement agent's account;

13 (3) "Director", the director of the department of insurance,
14 unless the settlement agent's primary regulator is another division
15 in the department of economic development. When the settlement
16 agent is regulated by such division, that division shall have
17 jurisdiction over sections 381.410 and 381.412;

18 (4) "Financial institution":

19 (a) A person or entity doing business under the laws of this
20 state or the United States relating to banks, trust companies,
21 savings and loan associations, credit unions, commercial and
22 consumer finance companies, industrial loan companies, insurance
23 companies, small business investment corporations licensed
24 pursuant to the Small Business Investment Act of 1958 (15 U.S.C.
25 Section 661, et seq.), as amended, or real estate investment trusts
26 as defined in 26 U.S.C. Section 856, as amended, or institutions
27 constituting the Farm Credit System pursuant to the Farm Credit
28 Act of 1971 (12 U.S.C. Section 2000, et seq.), as amended, or any
29 person which services loans secured by liens or mortgages on real
30 property, which person may or may not maintain a servicing
31 portfolio for such loans; or

32 (b) The following persons or entities if their principal place
33 of business is in Missouri or a state which is contiguous to
34 Missouri:

35 a. A mortgage loan company which is subject to licensing,
36 supervision or auditing by the Federal National Mortgage
37 Association, or the Federal Home Loan Mortgage Corporation, or
38 the United States Veterans Administration, or the Government
39 National Mortgage Association, or the United States Department
40 of Housing and Urban Development, or a successor of any of the
41 foregoing agencies or entities, as an approved seller or servicer; or

42 b. A person or entity acting as a mortgage loan company
43 pursuant to court order;

44 (5) "Settlement agent", a person, corporation, partnership,
45 or other business organization which accepts funds and documents
46 as fiduciary for the buyer, seller or lender for the purposes of
47 closing a sale of an interest in real estate located within the state
48 of Missouri, and is not a financial institution, or a member in good

49 standing of the Missouri Bar Association, or a person licensed
50 under chapter 339, RSMo.]

[381.410. As used in this section and section 381.412, the
2 following terms mean:

3 (1) "Cashier's check", a check, however labeled, drawn on
4 the financial institution, which is signed only by an officer or
5 employee of such institution, is a direct obligation of such
6 institution, and is provided to a customer of such institution or
7 acquired from such institution for remittance purposes;

8 (2) "Certified funds", United States currency, funds
9 conveyed by a cashier's check, certified check, teller's check, as
10 defined in Federal Reserve Regulations CC, or wire transfers,
11 including written advice from a financial institution that collected
12 funds have been credited to the settlement agent's account;

13 (3) "Director", the director of the department of insurance,
14 unless the settlement agent's primary regulator is another division
15 in the department of economic development. When the settlement
16 agent is regulated by such division, that division shall have
17 jurisdiction over this section and section 381.412;

18 (4) "Financial institution":

19 (a) A person or entity doing business pursuant to the laws
20 of this state or the United States relating to banks, trust
21 companies, savings and loan associations or credit unions; or

22 (b) The following persons or entities if their principal place
23 of business is in Missouri or outside Missouri, but within the St.
24 Louis or Kansas City standard metropolitan statistical area:

25 a. A mortgage loan company which is subject to licensing,
26 supervision or auditing by the Federal National Mortgage
27 Association, or the Federal Home Loan Mortgage Corporation, or
28 the United States Veterans Administration, or the Government
29 National Mortgage Association, or the United States Department
30 of Housing and Urban Development, or a successor of any of the
31 foregoing agencies or entities, as an approved seller or servicer;

32 (5) "Settlement agent", a person, corporation, partnership,
33 or other business organization which accepts funds and documents
34 as fiduciary for the buyer, seller or lender for the purposes of

35 closing a sale of an interest in real estate located within the state
36 of Missouri, and is not a financial institution, or a member in good
37 standing of the Missouri Bar , or a person licensed under chapter
38 339, RSMo.]

[381.412. 1. A settlement agent who accepts funds of more
2 than ten thousand dollars, but less than two million dollars, for
3 closing a sale of an interest in real estate shall require a buyer,
4 seller or lender who is not a financial institution to convey such
5 funds to the settlement agent as certified funds. The settlement
6 agent shall record all security instruments for such real estate
7 closing within three business days of such closing after receipt of
8 such certified funds. A check:

9 (1) Drawn on an escrow account of a licensed real estate
10 broker, as regulated and described in section 339.105, RSMo;

11 (2) Drawn on an escrow account of a title insurer or title
12 insurance agency licensed to do business in Missouri;

13 (3) Drawn on an agency of the United States of America,
14 the state of Missouri or any county or municipality of the state of
15 Missouri; or

16 (4) Drawn on an account by a financial institution;
17 shall be exempt from the provisions of this section.

18 2. No title insurer, title insurance agency or title insurance
19 agent, as defined in section 381.031, shall make any payment,
20 disbursement or withdrawal in excess of ten thousand dollars from
21 an escrow account which it maintains as a depository of funds
22 received from the public for the settlement of real estate
23 transactions unless a corresponding deposit of funds was made to
24 the escrow account for the benefit of the payee or payees:

25 (1) At least ten days prior to such payment, disbursement
26 or withdrawal;

27 (2) Which consisted of certified funds; or

28 (3) Consisted of a check made exempt from this section by
29 the provisions of subsection 1 of this section.

30 3. If the director finds that a settlement agent, title insurer,
31 title insurance agency or title insurance agent has violated any
32 provisions of this section, the director may assess a fine of not more

33 than two thousand dollars for each violation, plus the costs of the
34 investigation. Each separate transaction where certified funds are
35 required shall constitute a separate violation. In determining a
36 fine, the director shall consider the extent to which the violation
37 was a knowing and willful violation, the corrective action taken by
38 the settlement agent to ensure that the violation will not be
39 repeated, and the record of the settlement agent in complying with
40 the provisions of this section.]

[381.412. 1. A settlement agent who accepts funds of more
2 than ten thousand dollars for closing a sale of an interest in real
3 estate shall require a buyer, seller or lender who is not a financial
4 institution to convey such funds to the settlement agent as certified
5 funds. A check:

6 (1) Drawn on an escrow account of a licensed real estate
7 broker, as regulated and described in section 339.105, RSMo;

8 (2) Drawn on an escrow account of a title insurer or title
9 insurance agency licensed to do business in Missouri;

10 (3) Drawn on an agency of the United States of America,
11 the state of Missouri or any county or municipality of the state of
12 Missouri; or

13 (4) Drawn on an account by a financial institution;
14 shall be exempt from the provisions of this section.

15 2. No title insurer, title insurance agency or title insurance
16 agent, as defined in section 381.009, shall make any payment,
17 disbursement or withdrawal in excess of ten thousand dollars from
18 an escrow account which it maintains as a depository of funds
19 received from the public for the settlement of real estate
20 transactions unless a corresponding deposit of funds was made to
21 the escrow account for the benefit of the payee or payees:

22 (1) At least ten days prior to such payment, disbursement
23 or withdrawal;

24 (2) Which consisted of certified funds; or

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26 the provisions of subsection 1 of this section.

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28 title insurance agency or title insurance agent has violated any

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31 investigation. Each separate transaction where certified funds are
32 required shall constitute a separate violation. In determining a
33 fine, the director shall consider the extent to which the violation
34 was a knowing and willful violation, the corrective action taken by
35 the settlement agent to ensure that the violation will not be
36 repeated, and the record of the settlement agent in complying with
37 the provisions of this section.]

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